

INDIANA GAMING COMMISSION

February 1, 1995

Volume II

Vanderburgh County Auditorium

Locust and N.W. Martin Luther King Jr. Boulevard

Evansville, IN 47708

I N D E X

Speakers for Player's:Vol. II

| | |
|--------------------------------------|-----|
| Mr. Barnett. | 234 |
| Mr. Perskiee | 235 |
| Mr. Brotherton | 238 |
| Mr. Chester. | 239 |
| Mr. Brock. | 246 |
| Ms. Frary. | 252 |
| Mr. Rittvo | 254 |
| Ms. Eckenberg. | 258 |
| Mr. Crowe. | 260 |
| Mr. Landers. | 263 |
| Mr. Mabrey | 264 |
| Mr. Aker | 266 |
| Mr. Barry Mabrey | 267 |
| Mr. Fishman. | 273 |
| Mr. Griffin. | 276 |
| Mr. Alanock. | 314 |
| Question and Answer Session. | 281 |

(Continued from Volume I.)

MR. CHAIRMAN: Come back to order.

We're here for the presentation by Player's. Let the record show that we have received a book full of material entitled, "Gaming Vessel Operational Area Analysis, Evansville, Indiana," and that will be made a part of the record of this proceeding. It's submitted and there is a summary and a red book which has been given to each of the Commissioners. If any of the Commissioners wishes to take a look at the original material now or -- raise your hand and I'll pass it to you. If you want to look it at later it will be available to you.

I guess we're starting about 4:22, which would be 5:22 -- about 25 minutes -- 20 minutes of six would be about your time frame. Twenty minutes of six will be your time frame, and if you'll proceed.

MR. BARNETT: Thank you, Mr.

Chairman. My name is John Barnett. I'm the Indianapolis attorney for Player's International. We're looking forward to our opportunity to make our presentation to you today, this evening actually, but before we do, I want it reiterate the contents of the documents which you mentioned. First of all what, will be referred to as the Player's red book, is an outline of our presentation and the summary of the risk assessment study and other studies that will be referenced

1 in our presentation. So it is a brief, if you will, of the
2 presentation that follows.

3 The white book, copies of which can be made
4 available to each of the Commissioners, is a risk assessment
5 study completed for Player's by MV Marina Consultants, Inc.,
6 and it is, as previously mentioned, a part of the record.
7 Having taken care of those matters I would now like to
8 introduce the vice president and general counsel of Player's
9 International, Steven Perskiee, but as I do, you need to
10 know his qualifications. He, prior to joining Player's in
11 May of 1994, was the chairman of the New Jersey Gaming
12 Commission. A position he held for four years. And in his
13 career prior to that he was a member of the New Jersey
14 General Assembly and was the author of the New Jersey Gaming
15 Act. So he has experience at all levels. So to present the
16 Player's presentation, Steven Perskiee.

17 MR. PERSKIEE: Thank you, John.
18 Commissioners, good evening. I have I guess what could be
19 called good news and bad news. The bad news is that in
20 spite of a significant effort to revise our presentation
21 today to avoid duplication, we've got a great deal to say
22 and a good many people to say it, and we're probably going
23 to talk very fast, so I apologize to you for that and hope
24 that the time of day doesn't preclude your attention.

25 The good news is we're not amending anything.

1 We've got the same location we started out with. We've
2 the same hotel that we started out with. We've got the same
3 contributions to the municipality and the Welfare recipients
4 of Evansville that we started out with. It was a good plan
5 when we presented it to the city. It was a good plan when
6 the city weeded us in its principal evaluation or primary
7 evaluation, and it's a good plan today. And I'm going to
8 start by giving you a very brief overview of what it is
9 we're going to show you.

10 Essentially, there are five elements that we
11 need to address your attention to today. First, we'll
12 invite you to look at Player's background, our involvement
13 with and our impact on the host communities in which we
14 presently operate, and those of course are Metropolis,
15 Illinois and Lake Charles, Louisiana. And there will be
16 something about our interaction with the community, with the
17 business people there, and with the residents of those
18 cities.

19 Then we're going to address your attention to
20 the elements of our specific proposal here, and I'll address
21 those more in a few minute, but you're going to hear
22 something about our your site selection, our design of the
23 boat and get some revenues in terms of how that interacts
24 with the community and why we made some of the decisions
25 that we made. Third, you're going to hear us focus a bit on

1 our community commitments, our historic record where we
2 presently operate with respect to hiring, with respect to
3 activity in the community, with respect to purchasing, and
4 our commitments that we have made and will continue to make
5 to the people in the institutions of Evansville as well as
6 for the state of Indiana.

7 Forth, we're going to address briefly some
8 financial questions. Frankly, what some of our people have
9 told has already been to told you, and we're going to try
10 not to duplicate that, but we think you need to know
11 something about who we are from a financial point of view to
12 make sure you're as confident as we think you should be with
13 respect to both, to our abilities, our capacity to finance
14 and to operate this facility. And lastly, we're going to
15 tell you something that we think makes us a little special
16 in terms giving our history and also our present capacity as
17 to market and to promote this facility and to make riverboat
18 a gaming in Evansville, the excitement and the entertainment
19 center for this part of the state and this part of the
20 region, and that we believe that the legislature had in mind
21 that when it authorized the riverboat gaming to begin with.
22 We have a background.

23 I'm going to turn first to a video
24 presentation that we have prepared for a few minutes,
25 because it was impossible to bring some of the people from

1 Illinois and Louisiana here to speak with you in person.
2 Commissioners, we came to Evansville a couple of years ago.
3 We're a potential developer here, and as such we have our
4 sites. We chose Dress Plaza, or the site adjacent to Dress
5 Plaza for a number of reasons, many of which you're going to
6 hear about in a few minutes. But one of the reasons is
7 incorporated in our red book, and Mr. Perskiee made
8 reference to it a little earlier today and reported it from
9 former Commissioner Ridenhower with respect to the
10 conversion process.

11 But as you'll see as we go through, well,
12 particularly with our next presentation, that there are some
13 significant issues in respect to the location of this
14 property. I would -- and I would invite you to deal with
15 this in the question period. I would represent to you that
16 Player's is the only applicant that will be able effectively
17 to develop a site at Dress Plaza. In order to present the
18 elements of our proposal and to describe some of the
19 location issues, I will introduce John Brotherton, who is
20 our senior vice president for Construction and Development.
21 John is personally responsible for bringing both of our
22 existing projects that you've just seen on video in, on
23 time, and within budget. John.

24 MR. BROTHERTON: Our beautiful and
25 outstanding project took many months to develop. Robert

1 Chester, owner of Chester Construction Company for more than
2 17 years, helped us develop the project. Chester
3 Construction Company is the only minority certified general
4 contracting company in southwest Indiana. Robert, why don't
5 you come on up. Currently, Robert served on a governor
6 advised commission on the minority business development.
7 He's member of the Associated General Contractors of
8 America. He is a member of Mayor Frank MacDonald's Job
9 Counsel, minority input committee chairperson of the
10 Tri-State Minority Supply Development Council as well as the
11 vice chairperson for Executive Board of the Tri-State
12 Minority Supply Development Council. Robert.

13 MR. CHESTER: Thank you, John.

14 Chester Construction Corporation is very excited about
15 dealing with this project. This hotel is actually anchored
16 at the end of Main Street. The interior lobby is the same
17 high quality you would see at the Western Hotel in
18 Indianapolis. This hotel consists of 250 rooms, 1,200
19 parking spaces. The garage is actually incorporated within
20 the building. The hotel design compliments the existing
21 buildings downtown. The hotel and both are connected by a
22 enclosed sky walk. The sky walk will protect the passengers
23 from the weather and traffic.

24 MR. BROTHERTON: Thank you,

25 Robert. As Robert said, our hotel is located at the foot of

1 Main Street, with the Victory Theater at the other end for
2 true economic development along the walkway for the
3 merchants. John brother to know. ATTV is the leading
4 architect for the project. They've designed this project
5 from the Western Hotel in Indianapolis, in mind of one of
6 the other projects that they have worked on. But we have
7 another quality level, and that's the level of quality of
8 Mr. Merv Griffin and in his other operations, such as the
9 Beverly Hilton Hotel in Beverly Hills, California.

10 Now, the gaming vessel, which carries 2,000
11 passengers which also has a lounge and restaurant on the top
12 deck, is designed and ready to begin construction. It is
13 similar to the hotel and vessel that currently operates
14 now. If you refer to your red book, you'll see we've
15 recently signed a contract with Wynard Shipyard, about an
16 hour away from here and with which we've agreed to use
17 Evansville vendors to finish out the vessel for true
18 economic development.

19 But the reason that we're at the foot of Main
20 Street. This is a copy of the city's master plan. It was
21 in effect from 1984 to just a few months ago. And as you
22 can see, they want a development for our hotel at the foot
23 of Main Street, and they even went so far as to put a
24 riverboat ride on this bay long before gaming ever came to
25 this state. But if you look at the sites that are available

1 or were available when we came, we immediately secured the
2 site for the Player's hotel downtown. We looked at the
3 Riverfront Park property, but rejected it for many reasons.
4 But we immediately secured the Inland Marina because the
5 Inland Marina, in the past, has had an excursion vessel
6 permit. It's also very, very safe to operate from. This is
7 very important because we intend to operate our boat in less
8 than six months.

9 Now, another reason that the Inland Marina is
10 so important is the fact that the industry has stated over
11 and over again they will never ever allow a vessel to moor
12 outside of the bank on the Evansville riverfront
13 temporarily. That's what makes the Inland Marina so
14 valuable. We have a chief witness for the state of Indiana
15 as faced against Kentucky, prepare a report on the
16 boundary. That's in your red book submission. And he
17 looked at the Inland Marina and said that that site would be
18 a perfect site for cruising. He looked at our site downtown
19 and also said that site would be perfect for cruising, but
20 warned that the Riverfront Park side would probably be best
21 suited for dock side operations.

22 Now, if you look at the Player's vessel being
23 only 225 feet long, can head to the dock and turn around
24 with plenty of the room without going over in the Kentucky
25 area. It can also turn around downstream providing a



1 cruise, and it's the only vessel that can pass the
2 waterworks being only 60 feet wide, and it also can the
3 marina. This report, in it's entirety is in your red book
4 submission. There's real property. Mr. Perskiee, who is in
5 the audience can answer questions.

6 Now, I spent a lot of time with the Corp of
7 Engineers, and I secured the application for Riverfront Park
8 by Aztar. And you see the fact that the current goes down
9 river by the white arrows, you see that they have to go full
10 speed ahead, and this is with all the current, without going
11 into the multiple stone area, and then go forward with less
12 room to navigate. Just watch, just watch. They told you
13 they had a very big boat. A 320 foot long boat cannot turn
14 around and stay in the state of Indiana.

15 At it's widest point it's 260 feet wide.
16 This means that any location on the river in the Evansville
17 area the Aztar vessel must trespass 50 feet in the state of
18 Kentucky to turn around, which means they have to reverse to
19 get back in the dock every time, as well as Goldstrike. So
20 they have to reverse with the current, overcome the current,
21 put the engine in full speed ahead without going in the
22 multiple stone area and park on the dock. This is very
23 similar to trying to parallel park when the pavement is
24 moving five to six miles an hour. They're temporary site is
25 even worse.

1 Now, in a board dispute, Aztar's says it is
2 of no concern to them. It is to us because we operate
3 Metropolis. We've had to deal with Kentucky. That's why
4 our boat is only 225 feet long. But they first had stated
5 that they were the first to keep the boat docked. The
6 border issue becomes a problem. They further stated if the
7 public wanted to go on boat rides, we'd have a lot more
8 boats on the river now. This is the problem which we've had
9 to deal with in Louisiana, a similar problem. And as you
10 see by this article here, the Player's riverboat at Lake
11 Charles has continued to cruise. All the other riverboats
12 in Louisiana have remained dockside. Player's has
13 complained that the excuses for not settling have be largely
14 engineered. Another point I'll talk about in a little bit.

15 Their kind of riverboats cause a potential
16 liability in the event of catastrophe. This has become so
17 bad in Louisiana that one casino has shut down several times
18 over the issue. The Showboat Star Casino shut down after
19 running that the VA planed to charge operators with illegal
20 dockside gambling. They are staying at the dock to produce
21 the revenues because they have not met the projections to a
22 capital investment. The Star that closed in 1993 has barely
23 ever left the dock.

24 Now, I looked at Goldstrike's DNR permit and
25 permanent application, and if they were to ever contraband

1 behind our boat, heavy siltation and the configuration of
2 the dock with the boundary line makes this site probably a
3 non-cruising site as well. Now, to boat liability issue.
4 In your red book you'll see a study by Louis Rosenfinger's
5 Firm. They cited several cases for us in looking at the
6 sites, and what they told us is that there's two sites
7 available as an operator, and if we chose the one that was
8 less safe, we're more liable. They also told us do not go
9 to Riverfront Park site for liability, but they also said
10 that if the city controls two sites like downtown and they
11 chose to let an operator go to a site that was less safe,
12 they may also be liable. They cited two Indiana cases.

13 We also have the largest insurance broker in
14 the riverboat industry look at the Riverfront Park site.
15 And what they told us was, the rating on this risk, the
16 place of this facility will have to fare a surplus charge
17 for taking this risk. Both of those reports are in your red
18 book to refer to also. Now, if you look at the way the
19 Player's dock is configured, parallel to the current which
20 will be coming down the screen again, you see that the
21 vessel is protected in case a barge breaks away or a tow
22 loses power and drifts ashore.

23 And you see the graphics in the picture of
24 the barge tow, and you see that the passengers and the boat
25 is protected in case of a loss of power. But if you look at

1 the Corp application of the Aztar vessel, only the front of
2 vessel is protected, which means boat's broadside of the
3 vessel is exposed for obvious results. Now, these aren't
4 isolated incidents. Problems like this happen on the river
5 all the time. The fact of the matter is, as the Mayor said,
6 a week ago today that nine barges broke loose and hit the
7 shore. They were reported because they couldn't leave the
8 site.

9 But this brings me back to my central point,
10 the reason we're at the foot of Main Street. This is the
11 city's old master plan. This was in place when we came to
12 town. It was very good plan, and it's a very good plan
13 now. Thank you.

14 MR. PERSKIEE: Thank you, John. We
15 believe questions of safety are so important that because --
16 and we're are not saying Aztar -- that they haven't
17 adequately addressed -- we have elected to spend even more
18 time to deal with those questions here. We have already
19 submitted to you and you have received a risk analysis.
20 This is the same document, and we had it prepared in
21 advance, this is the same document that the was called for a
22 couple of days ago, a couple of weeks ago in -- in
23 consideration of sites for the Evansville boat.

24 In addition, months ago, we -- when we
25 commissioned this risk analysis we reached out for Daniel

1 Brock to do that for us, and when we did so, we asked him to
2 review not simply the Dress Plaza site, but all public
3 potential sites here, the Inland Marina site, where we will
4 open hopefully a temporary facility, the Dress Plaza site as
5 well as Riverfront Park. I should indicate that by the way,
6 that our plan is, and I know it's in your original
7 application, that if approved with the certificate now that
8 we will be able to open temporarily at Inland Marina by
9 September and be in operation at that time. Daniel Brock
10 was the principal and president of the MV Marina Consultants
11 Center. Now, that is a business in which he provides risk
12 analyses in cases like this all over the country, but more
13 particularly and more importantly for our purposes. Dan
14 Brock has nearly 20 years experience as a barge captain
15 pushing barges through this Evansville bend. He knows every
16 inch of that order and every piece of the current and is --
17 has prepared this report for your identification.

18 MR. BROCK: Thank you, Steve. Good
19 afternoon. In August of 1994, MV Marina Consultants with
20 expertise in navigational safety issues was requested by
21 Player's International to conduct an area risk analysis
22 focusing on the various safety aspects of the gaming vessel
23 operated on the Ohio river at Evansville. The video that he
24 presented is a supporting document for that analysis, and it
25 identifies downbound commercial vessel alignment above and

1 passing each of the proposed sites. Several graphics were
2 presented to further highlight important points.

3 Downbound vessel alignments were chosen to
4 both vessels proceeding with the flow of the current plus
5 maintaining certain position in the river and perform
6 precise navigational maneuvers at specific times to safely
7 navigate through Evansville bend, one of several critical
8 areas in the Ohio river. The graphic identifies each of the
9 three proposed sites. They are Inland Marina, Dress Plaza,
10 and Riverfront Park. The Inland Marina site is located
11 about 791.5.

12 The camera is positioned three-tenths of a
13 mile downstream from the site, viewing upstream. The
14 commercial vessel approaches the site on the parallel course
15 with the Indiana shore and must navigate within the channel
16 marked by red and green buoys. Passing the site, the vessel
17 begins navigational maneuvers positioning for the upper
18 approach to Evansville bend. Approximately 900 feet remains
19 between the tow and the Indiana shore, providing sufficient
20 area for a gaming vessel to operate compatibly with
21 commercial navigation.

22 The Dress Plaza site is located at mile
23 792.3. The camera is positioned directly atop the proposed
24 site, viewing upstream. The downbound vessel is now
25 approaching one of several critical points in the navigation

1 of Evansville bend. The arrow identifies a key channel
2 marker. No, it's a turning buoy. The buoy is critical in
3 the boat's navigational course change to correctly align the
4 tow, to pass Dress Plaza, and prepare the tow for the next
5 critical area of Evansville bend directly adjacent to the
6 Riverfront Park site.

7 Traditionally, you will note the distance
8 between the tow and the channel markers. The same bar
9 marked on the buoys historically approaches into the
10 navigation channel. The vessel demonstrates a healthy
11 respect for the occurrence by allowing sufficient distance
12 between the tow and the buoys. As the pilot maneuvers the
13 tow to achieve direct alignment, a sliding effect occurs.
14 This means the tow is not only moving parallel with the
15 current, but transversely also; in other words, sideways.
16 The arrow on the right side of the tow indicates this
17 effect.

18 The graphic depicts the dynamic effects of
19 the river upstream of the Dress Plaza site. Boat arrow is
20 now placed on the shore in a stationary position to to
21 further demonstrate how, as the pilot maneuvers the tow, it
22 continues to move sideways through the water. The sliding
23 effect is a controlled maneuver by the pilot and does not
24 compromise navigational safety. When correct alignment is
25 achieved, the pilot will apply full power and overcome the

1 sidesways motion. Why is the possible encroachment of a
2 sandbar into the channel and the tow handling dynamics
3 important in the operation of a gaming vessel?

4 The channel wedge is between mile 793 and
5 792. It is approximately 800 feet wide. Due to these two
6 factors and the precise navigational maneuvers that must be
7 employed, the usable channel width is significantly reduced
8 by as much as one half, and as a result, Evansville bend is
9 considered a one way traffic area, meaning vessels cannot
10 meet or pass in the area safely. A gaming vessel operating
11 from Dress Plaza would be required to remain moored, but it
12 didn't. A vessel passes, and then travels approximately
13 three-tenths of a mile upstream before entering an area
14 where it can navigate safely with other commercial traffic
15 in the vicinity as demonstrated in the Inland Marina
16 segment.

17 The vessel pilot is continuously aligning the
18 tow for the next critical navigational maneuver above the
19 Riverfront Park site. Again, note the distance between the
20 tow and the buoys. You will notice as the vessel passes
21 Dress Plaza, minimal wave action is created. In fact, you
22 will see a recreational craft create more wave action than
23 the passing tow. Both items in the area are parallel with
24 the shore and tend to dissipate the disturbed water or carry
25 it past the site before the impacts to the shoreline. The

1 commercial vessel pilot is now applying full power and has
2 aligned the boat to pass parallel with the Indiana shore at
3 an approximate distance of 400 feet away from the Dress
4 Plaza site.

5 The tow and vessel in this scene is
6 approximately one quarter mile long and contains
7 approximately 22,000 tons of product. The Riverfront Park
8 site is located on mile 792.6. The camera is positioned
9 directly atop to the proposed site, viewing upstream. Of
10 the three sites analyzed, Riverfront Park presents the
11 highest degree of concern because of navigational safety
12 issues, downbound vessel approach alignment, current flow
13 patterns and location. The public access area immediate
14 upstream from this site is used by area residents to launch
15 a significant portion of the 3,000 recreational crafts
16 registered in the area. The pleasure craft itself presents
17 minimal risks to the gaming vessels, but the potential for
18 such a craft to become a contributor to an incident is
19 present.

20 If a craft loses power or becomes disabled in
21 front of a commercial tow, as the jet ski you see
22 highlighted in the circle, and not be able to recover, the
23 vessel pilot must now employ emergency maneuvers to avoid
24 a serious incident. Approximately three quarters of a mile
25 would be required to stop this tow, and coupled with current

1 flow patterns in this area and because of the near head on
2 tow alignment with this site, the is vessel and tow may be
3 carried into the shore at or near the site with serious
4 results.

5 If a barge break away were to occur upstream,
6 as did recently, current flow patterns may carry the
7 drifting barges directly into the site. Wave and wake
8 action from passing vessels impacts the shoreline directly
9 in the area. The gaming vessel must remain moored, but it
10 didn't. The vessel passes, travels three quarters of a mile
11 upstream, twice the distance as a vessel operating from
12 Dress Plaza before entering an area where it can safely
13 operate for the commercial traffic in the area. On an
14 annual average, 19.4 vessels per day transit the Evansville
15 area, given the significant commercial traffic activity,
16 site location and the distance the gaming vessel must travel
17 upstream to operate competitively with commercial vessels.
18 Navigation delays may occur to both the gaming vessel and
19 commercial traffic, possibly sparking controversy.

20 In conclusion, as a result, we have
21 recommended to Player's International that they should not
22 pursue development of the Riverfront Park site. Dress
23 Plaza, if approached with operating policies and procedures
24 that address navigational safety, is a feasible project.
25 The Inland Marina site presents the least concern from a

1 navigational safety prospective of the three sites
2 analyzed. Members of the Commission, thank you for your
3 time.

4 MR. PERSKIEE: My name is Steven
5 Perskiee, vice president and general counsel for Player's.
6 Briefly, I want to turn now to the third element of the
7 presentation that I described at the outset, in which time,
8 we wish to discuss how our proposal and our company are
9 designed and intend to interact with the community and it's
10 people and it's interests. We start with a focus on our
11 relationship with the business community. We asked Lori
12 Frary, who recently joined the staff of the Chester
13 Development Corporation as it's community development
14 coordinator to present this section, and Lori was
15 responsible for assisting downtown Evansville businesses and
16 the neighborhood associations.

17 MS. FRARY: Thank you, Steve. My
18 name is Lori Frary. For the past five years, I have been
19 actively involved in downtown revitalization as a business
20 woman, property owner and developer, and the first resident
21 on Main Street. When the opportunity presented itself to
22 serve as deputy campaign manager on the upside of the
23 referendum, I jumped at the chance because the issues that
24 most compelled the people of Vanderburgh County to vote yes
25 were jobs, economic development and the revitalization of

1 downtown. Since revitalization has been the focus, it's
2 been the cost, a lot of you want to see the license go to
3 the one company that can do the most. All of the applicants
4 before us will bring hundreds of jobs and millions of
5 dollars in economic development; however, that's where the
6 comparison ends.

7 Player's location at the foot of Main Street
8 will surely provide the lengthy redeveloping in the four
9 business districts; after that, the conscious effort not to
10 overbuild and pull business away from Main Street. Player's
11 clearly has the plan to pull downtown Evansville out of the
12 moth balls. What has happened at their other locations? In
13 Evansville, Player's was the first to arrive and the first
14 to reach out to the business community. The city is
15 committed to downtown revitalization with 20 years of
16 planning and spending.

17 By virtue of locating, their merchants and
18 residents have committed part of their lives. Players's has
19 committed to assisting both. Because of that dedication,
20 the merchants and residents have committed to Player's. But
21 don't just take my word for it, please listen to a sample of
22 downtown business people have to say about Player's.
23 Player's found the support by the merchants and residents
24 downtown. I enter this petition as proof positive. Thank
25 you very much.

1 MR. PERSKIEE: Thank you, Lori.

2 Beyond the, I guess you would call lay opinion of the
3 merchants of Main Street, Player's has reached for some
4 professional analysis with respect to precisely that same
5 question, and we asked Steven Rittvo, our assistant, to
6 examine the situation and to give us and you an evaluation
7 of the impact of our proposal and the other proposals with
8 respect to Main Street development. Steve's report, again,
9 is in your red book, and I hope that you refer to it. In
10 the meantime, he and I will review in a discussion some of
11 the highlights of that report. Steven why don't start.
12 Several references are ready to the concept of anchors. Why
13 don't you start by explaining to the Commission your concept
14 of that.

15 MR. RITTVO: Thank you Steve. My
16 name is Steven Rittvo, and I am president of Urban
17 Assistance. Again, Steve, in sort of response to your
18 question, anchors are the major projects that you want to
19 have downtown to attract people. The intent is to have
20 anchors at both ends of your development and you use the
21 attractiveness to in fact bring people somewhere to help
22 develop an inflow of activities.

23 MR. PERSKIEE: Why does having two
24 anchors at either end help to develop the inflow of
25 activities?

1 MR. RITTVO: Well, you need things
2 that bring people, and what you're really looking for is
3 communication between those two anchors.

4 MR. PERSKIEE: What kind of
5 communication?

6 MR. RITTVO: Well, predominantly
7 pedestrian activity. What we're really looking for are
8 anchors that are, generally not more than a quarter of a
9 mile or three-eighths of a mile apart.

10 MR. PERSKIEE: Why?

11 MR. RITTVO: Why? Basically
12 because we've shown that pedestrians don't walk longer than
13 that distance. The other landings, which is -- which I
14 guess is the major research on the real estate developments
15 in the community, given a number of studies, and they show
16 is that that's really the maximum length that they'll walk
17 between activities. It's also sort of an overwritten
18 criteria in the design of shopping centers. It's very rare
19 that you see the anchors separated by more than a quarter of
20 a mile a piece.

21 MR. PERSKIEE: Well, then why does
22 it make a lot of difference if a -- one anchor is located at
23 Dress Plaza or it's located at Riverfront Park?

24 MR. RITTVO: Well, truly,
25 Riverfront Park, while it might be a very short distance to

1 the foot of Main Street, when you look at the counterbalance
2 in the anchor of Victory Theater, it really is exceedingly
3 far away. It probably pushes almost three quarters of a
4 mile. That's too far for people to walk in the weather, in
5 the hot weather, in the cold weather, and the wind and the
6 rain, and also you have a problem where you need site
7 distance to have that sort of interaction. People don't go
8 where they can't see. And really what you have is a hole in
9 the middle of -- at the foot of Main Street right now.

10 Other than locations, an important aspect is
11 the Player's application that you've reviewed in this
12 pamphlet. Again, I think some of the merchants discovered
13 that it's the way Player's has addressed the development
14 project. What they've really attempted to do is rely upon
15 the existing merchants, the restaurants, the retail
16 establishments on Main Street to fulfill some of their
17 activities. They have a much lower development program in
18 the sense of retail activities on site in the sense of
19 restaurant facilities on site. I think if you look at it,
20 the \$20 million difference that I saw on accountable costs
21 in the Aztar project really relates to the creation of their
22 sort of self-contained type of project.

23 MR. PERSKIEE: What will the result
24 be from Player's decision to -- to limit that type of
25 development?

1 MR. RITTVO: Well, I think if we
2 look at it, and we're anticipating about 4.4 visitors a year
3 from the riverboat complex, if half of those, 700,000 spend
4 \$10 off site, \$10 is pretty much the dollar level that we
5 expect, we're looking at about \$7 million of retail sales
6 that come in this community as opposed to be spent in
7 somebody else's terminal pavilion. That \$7 million probably
8 translates to a demand of 20,000 square feet for additional
9 restaurants and additional retail activities, more than
10 enough to fill all the vacancies on Main Street that they
11 have plus the development -- redevelop the other areas of
12 downtown.

13 MR. PERSKIEE: Thank you.
14 Commissioners, Player's has an operating history, but we are
15 forced into a position to make the representations about
16 what we will do with regard to hiring and what we will do
17 with respect to purchasing in the community, what we will do
18 with regard to obligation to purchase from minority and
19 women businesses, and while all of those are critically
20 important, what frankly we believe is more important is what
21 we have done, and we're very proud of what we have done in
22 respect to all of those areas, and we've asked Barbara
23 Eckenberg, who is our director of Human Resources at our
24 Metropolis, Illinois project, to come and to give you the
25 data with respect to both our hiring and our purchasing

1 policies in both of our existing operations. Barbara.

2 MS. ECKENBERG: Thank you, Steve.

3 Good afternoon, Commission members. I am Barbara Eckenberg,
4 and I am the director of Human Resources in Metropolis.

5 Many of you have asked each applicant today what they can do
6 for the community of Evansville in respect to minorities and
7 females. Well, I've been asked to present a somewhat short
8 but important part of Player's philosophy but an important
9 regarding this subject. The input of local residents has
10 been a major goal at each of our properties.

11 We have successfully accomplished that goal
12 by employing 95 percent local residents in Metropolis and 98
13 percent in Lake Charles. But in addition to fulfilling our
14 commitment of hiring local residents, we have also stayed
15 consistent in our hiring of minorities. In Metropolis, we
16 exceeded the overall expected percentages of work minorities
17 by two percent, and in Lake Charles, by 5 percent.

18 Combining both operations, Player's employs over 26 percent
19 minorities. Player's employs a majority of women as well
20 with percentages of 52 percent in Metropolis and 54 percent
21 in Lake Charles. Again these numbers represent a higher
22 percentage than were reported by each county during the last
23 census.

24 All of Player's operations have demonstrated
25 our ongoing commitment to be an equal opportunity employer,

1 offering promotional advancements in all job classifications
2 including management. Player's currently employs more than
3 20 percent minority in supervisory and management positions,
4 and we can continue to work with minority committee
5 organizations to increase our recruitment within both
6 communities.

7 The next issue I'd like to present is our
8 commitment to minority- and female-owned businesses. Within
9 the last reported quarter of '94, Metropolis purchased 14
10 percent of total dollars spent from minority- and
11 female-owned businesses. In Lake Charles, we purchased 28
12 percent of total dollars spent with minority-, female-owned
13 businesses. And during our most recent quarter alone, our
14 combined properties paid more than \$4.7 million to local
15 businesses in Louisiana and Illinois, greatly increasing the
16 economic development throughout both states.

17 As I've presented these facts and figures to
18 you today, I will ask that you consider the solid history of
19 Player's corporate philosophy towards women- and
20 minority-owned businesses as well as equal opportunity
21 employment. I can assure you that Player's will continue
22 this philosophy in Evansville as we have in our other
23 locations, providing opportunities to all people interested
24 in pursuing a vendor relationship or seeking employment
25 within the Player's organization. Thank you for your time.

1 MR. PRESKIEE: Thank you, Barbara.
2 Player's technique, if you will, or style when it comes to a
3 community is to seek out local interests and local people
4 and talk to them first before we develop a plan in any
5 respect for that community. That attains as well with
6 respect to our relationship with the business community,
7 with the minority community, with the kinds of commitments
8 we wish to make to the people and the institutions of -- of
9 the city. In Evansville, we found Wayne Crowe of AIM
10 Management who -- Wayne founded that company with a goal of
11 assisting Evansville minority businesses with their
12 marketing opportunities and to produce publications about
13 minority business needs. Wayne and his staff have been very
14 helpful in working with us to shape a series of initiatives
15 that we have offered to the city and that are included in
16 the original applications that you have. Wayne.

17 MR. CROWE: I'm not just here as a
18 paid consultant to assess needs of the intercity
19 neighborhood, but I'm here as proof of Player's minority
20 plan. As a member of a group, who along with Player's, have
21 taken on the mutual responsibility to plan an initiative to
22 provide opportunity for the fourth and sixth wards that are
23 not based on Welfare. When we looked at both Player's
24 locations and talked to the minority vendors that Player's
25 had already heard, we were then asked by Player's to present

1 the practical additions of assistance this community needs.

2 Let me tell you, Commissioner Vowels,
3 Player's shared our vision. And invest -- in Evansville
4 Player's begun by hiring the minority consultants, listening
5 to minority leaders, and investing in minority
6 organizations. It took a combination of our community seal
7 and Player's corporate seal to develop a process that can
8 diminish the 90 percent attrition rate, a substantive
9 increase to numbers of Evansville minority businesses. In
10 the past as minority businesses, we've had no reason to
11 celebrate.

12 Tri-State companies have maintained they
13 would use their best efforts and utilize the MEBs and WEBs.
14 There was one problem. These efforts do not work. But by
15 treating minorities not merely as a goal, Player's doesn't
16 merely claim to meet Indiana statutory goals. They would
17 exceed them by 50 percent. Player's would do disciplinary
18 minority development programs which has proven very
19 successful in both of their other locations. But there is a
20 larger obstacle.

21 Because of the inability of Evansville
22 minority to gain financing for our ventures, Player's is
23 committed beyond any requirement to the establishment of a
24 minority enterprise small business investment corporation,
25 and to raise and exceed money which requires that for the

1 SPA fund. Player's plan is the only plan that could mean a
2 direct investment of 12 to \$25 million into our community.
3 This is just one of major financial tools that Player's will
4 use to revitalize the fourth and sixth wards.

5 We have also showed Player's that the
6 positive funds of local banks can help establish a link
7 deposit program. As you can see by the Citizens National
8 Bank letter furnished to you in the red book, link deposits
9 will enhance the types and terms of loans made by banks to
10 minority business. It is equally important to point out
11 that Player's has provided for the establishment of a
12 revolving loan fund of \$1 million to provide credit
13 enhancements to any new or existing small business. We are
14 aware that most small businesses struggle with the time it
15 takes to receive payments. Player's quick pay program can
16 pay small businesses within 10 to 15 days or pay a portion
17 of the invoice up front.

18 We did not forget about Player's employees
19 because many employees will require day care services during
20 times when most day care centers are closed, Player's will
21 assist in setting up additional day care businesses and
22 Player's office of cooperative van service to transport
23 those employees who might not own personal vehicles to and
24 from work and their children to and from day care, and a
25 Player's loan fund to assist employees in purchasing their

1 own vehicles.

2 The last commitment provides for brighter
3 futures for disadvantaged Evansville youths with the
4 establishment of the Dr. Charles E. Shaw scholarship fund
5 with an annual contribution of \$100,000. Player's has
6 accepted our proposals to assist the Evansville minority
7 community with forward planning solutions, not the Welfare
8 type program. These commitments will be administered by the
9 Player's minority advancement board whose members come from
10 our most deserted neighborhoods. At this time, I would like
11 to introduce Jim Landers, the only black executive city
12 official, a member of the Mayor's Riverboat Selection
13 Committee, and the only minority board member of the Center
14 City Corporation.

15 MR. LANDERS: To the Commissioners,
16 and thank you Mr. Crow for that introductions, I'd simply
17 like to say that the first contact the first and only
18 contact I've had by one of the candidates or any of the
19 candidates before us for this licensing was by Player's. In
20 that discussion, my concern was, what would be the attitude
21 toward the hiring and training of minorities, and
22 particularly those persons at that would be within the
23 fourth and sixth wards? Arrangements were made and I met
24 with them and the problem was that if they would just
25 initiate and carry out a program of projects that would

1 train and recruit from the minority groups. They have done
2 that. You have evidence here today from Wayne Crowe and Bob
3 Chester who are both consultants for them and who have a
4 program by which they are recruiting already and arranging
5 for day care services in both these wards and also are
6 trying to develop the transportation system which will
7 provide for the -- transporting for children from -- to and
8 from day care, also some respective employees to and from
9 work.

10 On the basis of my association with Player's
11 and the programs that have been outlined, I would highly
12 recommend them as the person to whom to this license would
13 be issued. Thank you.

14 MR. PERSKIEE: Thank you very much,
15 Wayne. Councilman, commissioners, we know where we are
16 according to time later in the proceedings to have
17 endorsements, if you will. We also understand that if we
18 choose, we have the right to do so now. Because the next
19 two presentations are about people and because this part of
20 our presentation is about people, we have agreed the request
21 of two individuals to speak today. First, I'd like to ask
22 Roy Mabrey of the Central Labor Council to come forward.

23 MR. MABREY: Thank you.
24 Commissioners, I am Roy Mabrey, president of the Central
25 Labor Council here in southwestern Indiana. It amazes me

1 how many special interests groups that came out of the
2 woodwork after the passage of the riverboat gaming
3 referendum. But I have reservations about the motives of
4 some of these individuals and the organizations they
5 represent. But as a labor representative of southern
6 Indiana and a resident of the city, I also have a special
7 interest in the selection of an operator for the gaming boat
8 in southern Indiana. That interest is the welfare and
9 well-being of the Hoosiers that will be employed in this new
10 industry.

11 Long before the referendum was passed in this
12 county, we at Organized Labor were called all over the
13 country trying to find out which of the companies applying
14 for the license in Evansville treated their employees with
15 the dignity, the respect, working conditions and fair wage
16 package just that we expect in southern Indiana. During
17 this process we found that some of these companies that came
18 into the community were telling us -- told lies, others
19 wouldn't even respond to our questions about the well-being
20 of their employees.

21 Player's riverboat casinos, on the other
22 hand, encouraged us to check out the promises and the
23 commitments that they have made in other communities, and we
24 found that these commitments have been lived up to. In
25 conclusion and after months of investigation on my part and

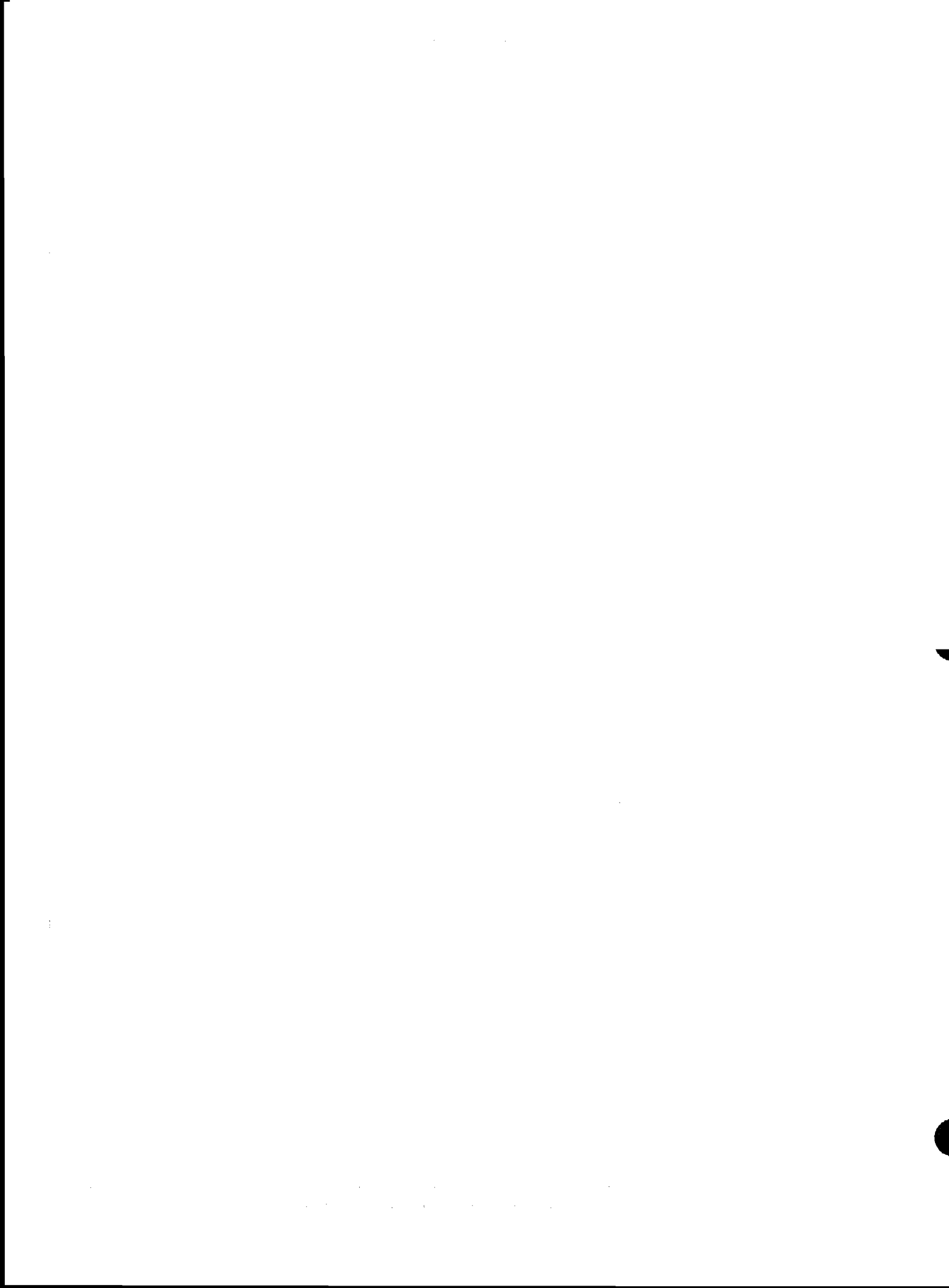
1 recommendations from other reputables, labor leaders across
2 this country, Player's riverboat casino seems to be one of
3 the best choices for the license in Vanderburgh County.

4 Thank you very much.

5 MR. PERSKIEE: Mark Aker of the
6 Veterans Council of Vanderburgh County. Mr. Aker.

7 MR. AKER: Good evening, board
8 members. My name is Mark Aker. I'm a board member and one
9 of 12 of the Veterans Council of Vanderburgh County, Inc. I
10 am here this evening to hopefully give you some shed light
11 on -- on our feelings. I would like to make a presentation
12 on behalf of the Veterans Council of Vanderburgh County,
13 Inc., with over 15 flag organizations representing nearly
14 25,000 veteran members and their families, which would
15 exceed over 50,000. The Veterans Council not only supports
16 but embraces Player's International for their proposal, the
17 solid anchor, the Main Street walkway and the beginning of a
18 prosperous future for downtown Evansville.

19 We support Player's not because they asked
20 for our support, but they asked us for ideas of how they
21 could best serve the interests of the veteran community and
22 Evansville. We support Player's because they listened to
23 our concerns and responded with responsible programs and
24 proposals. We embrace Player's because they have shown
25 themselves as integrity, because they have honored their



1 work and fulfilled their commitments. In conclusion,
2 Veterans Council of Vanderburgh County, Inc., feels that
3 Player's International is economy guided by the same values
4 that we hold sacred and values we fought to preserve for
5 which our brothers have died. We feel that Player's is the
6 right choice. Thank you.

7 MR. PRESKIEE: Thank you very much,
8 Mark. I want to turn now, Commissioners, to the fourth
9 element of the presentation as I outlined at the beginning.
10 We had asked Earnest and Young to help us present that story
11 to you. Barry has over 22 years experience with Earnest and
12 Young, specializing in accounting and financial analysis.
13 In recent years, he has been responsible for the analysis
14 and gaming venues in new jurisdictions, specializing in the
15 identification and accounting and financial issues which
16 effect the key elements of success for new gaming venues.
17 Barry.

18 MR. BARRY MABREY: Mr. Chairman,
19 commission members, my name is Barry Mabrey, and I'm a
20 partner with Earnest and Young, which is one of the largest
21 accounting and financial consulting firms in the world.
22 Much of what I do focuses on analyzing both accounting and
23 financial issues that relate to gaming as it comes to new
24 venues such as Evansville. We've conducted studies in over
25 12 different states and several foreign countries, and we've

1 conducted a study here on the Evansville proposal. The
2 details of our study was included in your red book under tab
3 nine. I won't go over all of the details today, but instead
4 what I'd like to cover are three key issues which I believe
5 will be of importance to the Commission.

6 The first issue deals with the financial
7 strength of your proposers. The second issues deals with
8 the forecasting prudence of the operators. The third issue
9 deals with the downside risks and the upside potential to
10 the community of the not meeting the financial projections.
11 The first issue, the financial strength of your proposer.
12 Without a doubt, Player's International is the most credit
13 worthy of the proposers in the Evansville area. They have
14 the cash and financing resources to meet the promises to
15 Evansville, and they have the cash and financing resources
16 to help Evansville withspan gaming competition when it's
17 sure come to the area.

18 Player's has achieved this position of
19 financial in two ways. First, they achieved the highest
20 operating margins in the riverboat gaming industry. There
21 is no one who achieved a higher profit margin in riverboat
22 gaming than Player's International. And secondly, and this
23 addresses Mr. Hensley's point that he's raised twice today,
24 Player's has almost no debt. Let the me show you what this
25 looks like in graphic form. On the left side you see

1 Player's, and comparing them to Aztar, effectively,
2 Player's. Ninety-eight percent of Player's market
3 capitalization comes from their own internally generated
4 equity. Now, that's in comparison to Aztar's roughly 36
5 percent of market value capitalization that comes from their
6 own internal equity.

7 Now, this is important for Evansville because
8 when you have a combination of strong cash flows from high
9 profit margins plus very low debt, it means that Player's
10 would be able finance a large portion of the Evansville
11 project out of their own cash. Now, they have had
12 borrowings, but that will come from a line of credit
13 established with their banking facility. The best summary
14 of the financial strength of Player's came just this past
15 Friday in a newspaper and it was in relation to an interview
16 with an annalist from Raymond James, which is an investment
17 banking firm that tracks very closely the gaming industry,
18 and I'll read you part of that article. The rest of it is
19 in the red book.

20 "The company," meaning Player's, "had \$90
21 million in cash at the end of September and only \$9 million
22 in long term debt, an almost unheard bounty of cash dirt of
23 debt in the casino industry. Many casino firms have wads of
24 junk bonds on their balance sheets, always a threat if
25 business does not meet its projections. But not Player's.

1 This is one of the most financially powerful companies among
2 the emerging casino operators." Well, that summarizes this
3 first issues, that is the financial strength of your
4 proposer.

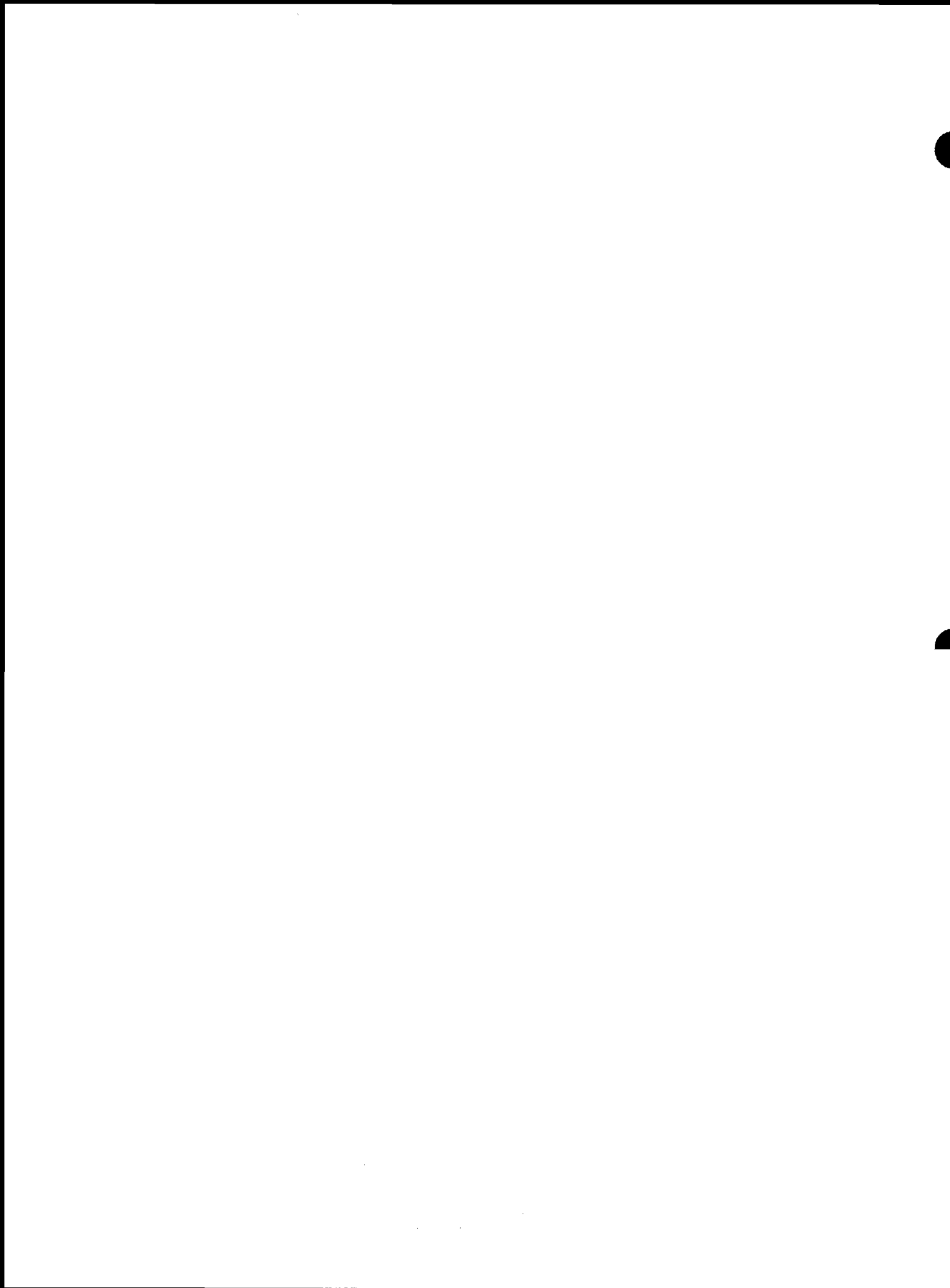
5 Let me move into the second issue, that is
6 the forecasting prudence. We have looked at the proposals
7 of the bidders from the Evansville area. One stands out as
8 a real stretch, and that's the Evansville proposal for
9 meeting the patronage levels they hope to achieve. You
10 heard Mr. Glenn Schaeffer address this issue earlier, and I
11 agree with what he said, but I'd like to take it from a
12 different standpoint. You're probably familiar with the
13 term capture rate from the gaming industry.

14 Well, capture rate is the amount or the rate
15 that a casino will capture from it's target market. So if
16 the target market is a hundred percent of potential gamers,
17 casinos competing for that hundred percent will have a
18 capture rate of a certain percentage, 10 percent, 20 percent
19 of the whole market. In order for Aztar to reach their 2.3
20 million customers a year, they have to achieve a 68 percent
21 capture rate of the potential gaming market for the
22 Evansville area, and that's a capture rate that's unheard of
23 in the industry. It has not been achieved by any gaming
24 operator, riverboat gaming operator in the country, not even
25 the best.

1 Let me show you what I'm talking about. What
2 we have here on this slide is a 68 percent capture rate that
3 Aztar would have to achieve in order to meet their 2.4
4 million passengers. What you have on the right or what
5 everybody is saying their capture rate would be. In the
6 middle you actually have what's being achieved in Chicago,
7 27 percent compared to the 68 percent. Next to that you
8 have Player's in Metropolis, which is 46 percent compared to
9 a 68 percent. The highest actual rate being achieved right
10 now is Player's in Lake Charles where they have a virtual
11 monopoly on the very lucrative Houston market, and that's at
12 62 percent.

13 Evansville's own consultants, the
14 international firm of Deloid and Toush, has pegged the
15 Evansville capture rate for their vessel at 42 percent.
16 Well, with that in mind, let me turn to the third issue, and
17 that is the downside risk and the upside potential for the
18 community. And what we're talking about here is what if the
19 capture rate of 68 percent is not met? Well, the 68 percent
20 achieves what's already being done in the industry. The
21 closest is what's already been done by Player's up in Lake
22 Charles.

23 What we have here when you don't make your
24 numbers, and this is what's happened in other communities,
25 when you don't make your numbers the community suffers,



1 there are layoffs. The promises to the community are not
2 met. If the 68 percent is not met and instead Evansville's
3 consultants are right, Aztar would not create a profit from
4 the Evansville project, instead it loses about one and a
5 half million dollars a year. And as Mr. Rittvo pointed out
6 earlier if the 68 percent is not met, although Aztar
7 promises a million dollars a year more to the community,
8 that would be off set by a lack of development in other
9 areas. Well, the Evansville project may very well be the
10 first riverboat to come on string from Indiana. It will be
11 the stocking haws of the Indiana riverboat gaming industry.
12 It will be the project that the industry focuses on, and
13 from a financial standpoint, it would be much better to have
14 the upside potential of exceeding what the industry experts
15 believe will happen, rather than the downside risk of not
16 achieving the 68 percent. Thank you.

17 MR. CHAIRMAN: Steve, we're in the
18 position where we've got about ten more minutes.

19 MR. PERSKIEE: That's exactly what
20 I have except that remember that I lost maybe a minute and a
21 half half or so.

22 MR. CHAIRMAN: Duly noted.

23 MR. PERSKIEE: I think we're fine,
24 Mr. Chairman. We're moving right now to the fifth and final
25 at element of the presentation that I described at the

1 beginning, and that is to tell you something about what we
2 are that's unique, or at least what we feel is unique, and
3 that of course involves a little bit of our history and our
4 background. It is my pleasure and honor to present to you
5 the chairman of the board of Player's International, Ed
6 Fishman.

7 MR. FISHMAN: Mr. Chairman,
8 Commissioners, thank you very much for allowing us to
9 present today. My name is Ed Fishman, chairman and CEO of
10 Player's International. In the last hour you've heard from
11 some of my colleagues why we believe Player's is the right
12 choice for Evansville. I'll have to take a moment to tell
13 you a little about our history, where we began and where
14 we're going. We began as an entertainment marketing company
15 20 years ago. In 1976, we produced one of our game shows
16 call Dealer's Choice direct from Las Vegas, and during that
17 time, we decided to take some of our greater talent and
18 create the very unique promotion in the gaming industry
19 which would put more entertainment in the casinos, and thus
20 give those casinos a competitive edge.

21 The first was a 1977 tournament game. It's a
22 competitive event which now most casinos around the world
23 use. We have produced 250 blackjack, craps, and slot
24 tournaments all over the world and have had over one million
25 people draw to attend our events. Next, we started with a

1 casino marketing consulting division which has worked with
2 most of the major casinos throughout the industry, Harris,
3 Caesar's Resorts, Samsonite, et cetera. We innovated
4 marketing programs who bring in customers, whether by bus,
5 driving market, air programs, especially in the highly
6 competitive. Through creating unique tour and travel
7 promotions, we have moved millions of people to the gaming
8 communities during the last 18 years, thus giving our
9 clients the competitive edge.

10 Next, we created the most well recognized
11 gaming club in the world call Player's Club with my friend
12 the late Telley Sevalis. We had over 300,000 members. We
13 were were on national TV. For seven years we had
14 approximately 50,000 calls a month from gaming enthusiasts,
15 and through Player's Club, we developed the largest gaming
16 database in the country. We have over 6.2 million names of
17 people who enjoy gaming. That's the heart of our research
18 and marketing efforts in all these new jurisdictions.

19 Several years ago we began our casino
20 operation experience by running several cruise ship
21 casinos. While that, we used our marketing efforts to
22 double the profitability of the previous operators by
23 running our special events and using our database to promote
24 cruises. Three years ago we began our first riverboat hotel
25 project in Metropolis, Illinois followed later that year by

1 Lake Charles, Louisiana. We designed, built and opened both
2 riverboat hotel casinos within a one year period. They were
3 ahead of time and on budget. As you've already heard
4 because of our strong marketing and entertainment
5 background, both of these projects have been extremely
6 successful. Today we are the only applicant before you with
7 an extensive proven track record in the riverboat industry
8 serving mid America. In Illinois, our goal is the only
9 operation to show increases over the last year in all four
10 critical categories measured, that admission, gaming
11 revenue, win per mission, and win per position.

12 In Louisiana, our Lake Charles operation
13 consistently showed the highest winning per passenger of any
14 riverboat in the country since it opened 14 months ago. For
15 the last two years we have been studying the Evansville and
16 the missions it will face and the special marketing skills
17 that were acquired to succeeding. We are also very realistic
18 about the amount of passengers that we predicted of 1.3, 1.4
19 million people. Our proven success in two markets similar
20 to Evansville and our unique marketing and promotional
21 skills make us expert enough and experienced enough to
22 ensure the long term success of this operation. What
23 differentiates Player's from all other riverboat operators
24 is our proven ability to make gaming into a full
25 entertainment experience both for the patrons and for the

1 city for which we've served and our partners. And no one
2 says entertainment better than my long time friend, partner,
3 Player's largest shareholder and major reason for our
4 success I introduce Mr. Merv Griffin. Thank you.

5 MR. GRIFFIN: Commissioners, nice
6 to meet you all. I created Wheel of Fortune and Jeopardy.
7 And I'm very proud of that fact. These are two shows that
8 have broken every record in television and they are now they
9 are all over the world as you know. Not our particular
10 game, but they licensed it from us and they produced their
11 own. It's long past the \$2 billion market in revenues and
12 is climbing very quickly. Been on the air longer than any
13 game show. I think Wheel of Fortune is in it's 27th year
14 and Jeopardy is really about in it's 22nd or 23rd. Both
15 shows we're very proud of and both shows have played an
16 important part in the marketing of the riverboats and for
17 the company I had in Atlantic City, opposite Aztar, just
18 thought I'd throw their name into it, a resort.

19 I've been able to have contestants and
20 searchers from these various jurisdictions. The one in
21 Atlantic City, Mr. Fishman and I decided that we would see
22 how it worked if 41,000 people drove in to be tested for
23 that show. Broke every record from Atlantic City for a
24 marketing device. My company is separate. My company is
25 the Griffen Group, and we are in entertainment, we are in

1 hotels, and we are in gaming. Yes, I am Mr. Fishman's
2 partner and, yes, I was so convinced that he was about the
3 best man I knew in marketing.

4 We both -- we both opposed each other in the
5 game show business. We were competitors, but I knew how
6 good he was because I worked with him at -- at resorts sorts
7 in Atlantic City, and together we bought television shows,
8 we brought everything there and it's worked. And now
9 resorts. It's well on it's way and will be one of the most
10 exciting hotel/casinos very shortly in Atlantic City.

11 When he brought me to Metropolis, I gave him
12 the money and said let's do it. And I went, after giving
13 him the money and saw Metropolis and my heart stopped.
14 There was nobody home. And I said Ed, where are they?
15 There's nobody here. He said they'll come. And the town
16 was asking the same questions that I was. Who are these
17 people here? This is a scam. And then I saw what they call
18 Merv's Landing that was built first and I said, "Geeze, Ed,
19 after a distinguished career of 23 years and a talk show I
20 have a landing in Metropolis?"

21 He said, "Wait." And then one day that boat
22 came around the bend and under the big bridge and
23 everybody's mouth dropped. And there came one of the great
24 centerpieces for a city I've ever seen, and from then on, it
25 was just uphill all the way. We devised, we brought in fact

1 last week on Wheel of Fortune there was a contestant from
2 Metropolis. We've been able to -- it's been a discovery for
3 us on those two those shows because we've been able to fine
4 players from all over America, mid America instead of just,
5 you know, Los Angeles and waiting for the players to come to
6 us.

7 We built the theater and built the hotel
8 there. The theater was one of the most exciting nights I
9 ever went to. It was one of the funniest and most
10 entertaining shows that I've ever seen. So the people are
11 coming there and they're having an experience, and that's
12 what Evansville has to be. It has to be a tourist
13 experience where we can't say, oh, come to Evansville, you
14 know, leave your money. You have to get the full
15 entertainment value for it, and we project all kinds of
16 entertainment, things that we've tried in Lake Charles.

17 My company brought Lake Charles to Player's,
18 and that was an extraordinary operation. We have done
19 everything from turning tournaments. We've done every kind
20 of event you could imagine there. We've brought in stars
21 Burt Reynolds, little Metropolis.

22 I said, "How are we going to sell this to the
23 national press?" We'll, we talked Robin Leach into bring
24 Lifestyles of the Rich and Famous to Metropolis. It was
25 extraordinary, let me tell you.

1 Robin kept saying, "Well, where is it?" And I
2 said, "You know, Robin, it's going to be okay. Now, we'll
3 start on the shot of superman."

4 He said, "Well, why is there holes in the
5 city square?"

6 "Well, the kids all go by in their trucks and
7 shot at to see if it was faster than a speeding bullet.".
8 Since then the town has put up major a superman and it is
9 impressive. So they're in tourist business, and it's doing
10 well. Lake Charles is a similar story. I've never seen
11 such crowds in my life. And it's fun to cruise around that
12 lake and all the entertainment dockside and the hotels that
13 we have there now. It too is an entertaining experience.
14 In all the companies, there's two things that are important
15 and I stress them to all my people. And one of them is keep
16 the promise. Keep the promise to the customer, keep the
17 promise to the community. You have to keep the promise to
18 the customer. You can't promise them something and then
19 they don't get it.

20 The other one is play by the the rules. I
21 said, "Ed you are famous, but I'm more famous than you are,
22 so if anything goes wrong, I'm the one that gets a call,
23 because we hadn't played by the rules." We've never had
24 that call. It's been a glorious experience to be with this
25 unusual group of executives and people who know the gaming

1 business. A terror of a man that's sitting here, that Steve
2 Perskiew, would call me one day and say, what are you doing
3 over there because the Gaming Commission that are in New
4 Jersey are tough.

5 My licensing was one of the great experiences
6 of my life. I told people, I said, "I'm now Mother Teresa."
7 They went through my closets, they went back through my
8 checks for 20 years. They went through everything, my
9 shoes, my socks. And then one day they said, "You're
10 licensed." So it's a good -- it's an honest company, but
11 it's a company devoted to gaming and entertainment and
12 that's really what's got to be, because that's the purpose
13 sparked down there. And you'll be amazed too when the boat
14 comes around again and you'll see Main Street and the
15 shopping district up there, which is now being mauled come
16 to life and it's exciting, and it's something I know you'd
17 be very proud of. I hope it's us. I hope you select us to
18 do it because we're going to do the best job for you, and
19 thank you for allowing me to speak to you today.

20 MR. CHAIRMAN: We will -- we will
21 now take a moment, one of our patented 15 minute breaks, and
22 we'll come back with some questions.

23 (Thereupon, a break was taken;
24 after which, the proceedings
25 continued as follows:)

1 QUESTION AND ANSWER SESSION

2
3 MR. CHAIRMAN: Ladies and
4 gentlemen, if you could come back to order, please. The
5 same request that we've made of the other people that the
6 speakers who answer the questions please try to identify
7 themselves so that the court reporter can get that
8 information before they go into the answer. And the same
9 problem with the microphones, if you'd stay back about six
10 to nine inches. Apparently it works a little better than it
11 does trying to swallow it as we all are tempted to do. To
12 start off, I'll ask a question. How far is Metropolis from
13 Evansville?

14 MR. PERSKIEE: A hundred miles.

15 MR. CHAIRMAN: And I guess as to
16 the Ellis Park discussion that we had, it bothers me a
17 little bit that competitive or lack thereof by awarding new
18 people a license so close to your other operation whether
19 you would, as I would perceive, some operator going in new
20 venture, put their full weight behind the developing of the
21 Evansville operation. So if you could give me -- give me
22 some insight programs to your thinking, why you want
23 Evansville rather than Michigan City and not cause me this
24 problem?

25 MR. PERSKIEE: Mr. Chairman, as you

1 might have imagined, we sort of anticipated you might have
2 ask that question.

3 MR. CHAIRMAN: You anticipated
4 everything else, haven't you?

5 MR. PERSKIEE: We're going to ask
6 the chairman in just a minute to give you substantive
7 response, but let me make a couple of other points. First,
8 because we purchased a small track right out of the
9 Metropolis on the Kentucky side, the Bluegrass Downs, we can
10 give you a different answer with respect to a land-based
11 base facility at Bluegrass Downs. We'll give you ten, we'll
12 give you 20, we'll give you permanent. We don't want
13 land-based casino at Bluegrass, and that's why we bought
14 it. And we have no interest in having a land-based or any
15 other form of gaming in Kentucky, particularly and obviously
16 if we were licensed here.

17 The second point I would make, again as in
18 way of introduction to what you're going to hear from Ed
19 about the competition, that it isn't all that meets the
20 eye. You should keep in mind that our commitments,
21 financial commitments, investments in Evansville will, by a
22 margin of several times, exceed our cumulative investment in
23 Metropolis, even though we continue to reinvest in
24 Metropolis and to up and expand that property so that from
25 our point of view, if in fact we are licensed here,



1 Evansville becomes the senior -- the senior property if they
2 -- if they were to get the license. So for your
3 substantive response, Ed.

4 MR. FISHMAN: Ed Fishman. Mr.
5 Chairman, after two years, actually two and a half years of
6 marketing Metropolis, Illinois we have approximately 12
7 percent of our market that comes in Indiana. We've seen
8 approximately 2.7 million people in the two years that
9 entered our casino in Metropolis. We have found that
10 talking to a lot of our tour operators we have approximately
11 40,000 of us that service our area from Nashville to St.
12 Louis, Missouri, 12 percent in Indiana; that putting
13 together in this market overnight packages, putting together
14 with the packages, they stay in Metropolis.

15 They can do absolutely what they want. You
16 have seen in other communities when you have clusters. We
17 have a market base of approximately 340,000 players,
18 preferred members, people who carry around in cars and come
19 to Metropolis and put money into slot machines gaming
20 tables, et cetera so they get the frequent flyer plans for
21 planes when flying. We feel that because we know the
22 market, because the market knows us, that we, through our
23 tour and travel experience, through our television exposure
24 and direct mail exposure, that we can bring at least as
25 people as we do in Metropolis, 1.3 to 1.4 million people

1 here. And again, a lot of our people, they'll game in an
2 extra gaming visit when they have another place to go. When
3 we first came here was -- Merv and I came two years ago for
4 Thunder on the Ohio, and we looked at our market and
5 discussed with our market people and that's when we decided
6 that we would like Evansville as a market if ever Indiana
7 did pass gaming. And again, we think that can generate
8 through our database, through our good name to people who
9 visit us, the tremendous number of people in Evansville, in
10 the project, and faster than any other competitor that's
11 been here.

12 MR. PERSKIEE: Yeah, I think there
13 are a couple of things that really need to be looked at when
14 we you talk about, you know, the interaction for these two
15 casinos. The first, is when you look at the market
16 themselves the market composed of both the local and
17 tourist. The ring theory that I guess Aztar presented
18 earlier this morning. Is the theory valid? The most
19 intense activity occurs in the 50 mile radius, and actually
20 it's nice that we're a hundred miles apart so that our 50
21 mile radius doesn't intersect with each other, and that's
22 sort of when you get a very heavy proportion of the
23 residents in that community coming to the markets. The
24 closer are you in, the greater percentage of your population
25 that comes.

1 When I look at that secondary ring the
2 Evansville market really travels much further north and much
3 further sort of southeast in the areas that it picks up, and
4 Metropolis goes much further west. So there's a lot of
5 synergy that we will get in there when the markets really
6 don't overlap because of that hundred mile area. So what we
7 have learned in being in places like, to start with, Las
8 Vegas and Atlantic City and then moving to some of the other
9 markets, are gamers like the authority to visit multiple
10 casinos. In Atlantic City gamers visit somewhere like 3.5
11 casinos over the course of their stay. In Las Vegas I think
12 the number is even slightly higher. The Mississippi Gulf
13 Coast, when gamers come to the coast, they visit somewhere
14 in the range of 2.5 to 2.8 casino in each state because they
15 are tourists. What we would need by having two casinos that
16 are able to be stirred from the same tourist market and the
17 same basis, is that we can cross market tourists and bring
18 new real dollars. And where this community wins is when
19 tourist dollars come in. If we just recirculate the
20 existing population dollars, it's not a tremendous win,
21 which are often good. With the Player's networking, and
22 essentially with Metropolis, the ability to bring in these
23 tour operators that are coming through this portion making
24 multiple stops and giving them the multiple gaming
25 experiences. Actually, we have the ability to grow the

1 market.

2 MR. CHAIRMAN: So your answer is
3 that one plus one does make two.

4 MR. PERSKIEE: No, it actually
5 makes a little bit more than two in our opinion because you
6 can't attract those people who just want to stop --

7 MR. CHAIRMAN: You think it makes
8 two and a quarter.

9 MR. PERSKIEE: Two, 2.1.

10 MR. CHAIRMAN: That --

11 MR. PERSKIEE: 2.1. All right.

12 MR. CHAIRMAN: Anyone else?

13 COMMISSIONER: Yeah, I've got a
14 question. I've asked it about four times and maybe you'll
15 give me a different answer or a better answer. We've heard
16 from two different organizations who wants to put a hotel up
17 and another one says there's not enough room for another
18 hotel. And you propose to put a hotel up.

19 MR. PERSKIEE: We also got quoted
20 as to why we shouldn't. The answer is this, when we first
21 came to Evansville and looked at the proposal, as we
22 referred to actually earlier today, it was our view that a
23 hotel shouldn't be a part of the project at the outset. And
24 I should tell you that our experience again in our other
25 locations has helped to form that judgement, and that

1 Metropolis started without a hotel, but I will tell you that
2 before the project was a year old, we built a hotel. In
3 Louisiana we leased the space behind the hotel at the
4 beginning, and now just last week we have signed the
5 agreement to purchase that hotel and we plan to enlarge it
6 and make significant improvements to the original property.

7 So that our theory in the other two
8 properties and originally when we came to Evansville was to
9 start with what we knew with the boat and the immediate
10 facilities and to build the hotel at a later date. Through
11 the dialog with the city, it became very clear that the city
12 had made a policy, it's leadership had made a policy
13 determination and that they wanted a hotel. We took another
14 look at it. We decided that without compromise to our
15 thinking of who could financially work that we could
16 incorporate a hotel, and in represent to the city's strong
17 desire to have that as an element, we decided to do so.

18 It is our proposal as you see it, here it
19 contemplates a 250 room hotel. We think it's real. We
20 think it's an interval that we can -- we can design it and
21 build it and run it as an interval part of the Main Street
22 experience. We don't expect, frankly, to be honest with
23 you, to make a lot of money on the hotel, but we don't
24 expect to lose any either.

25 COMMISSIONER: I guess I -- maybe I

1 didn't get my point across. There is another hotel up the
2 street that has 400 rooms, and I've have heard that if we
3 put a another hotel in, 400 rooms is going to be fatal. Is
4 that -- is that right now? Somebody's right and somebody's
5 wrong here, and I'm going --

6 MR. PERSKIEE: I think --

7 COMMISSIONER: -- to ask somebody
8 to stand up and tell me about that. I want to hear it from
9 him.

10 MR. PERSKIEE: Well, I'm going to
11 sit down and tell you.

12 COMMISSIONER: Is somebody in the
13 hotel business here?

14 MR. GRIFFIN: I'm in the hotel
15 business.

16 COMMISSIONER: Okay.

17 MR. GRIFFIN: I'll be glad to
18 answer that. I've got a few businesses.

19 MR. PERSKIEE: This was the
20 principal of the company that was going to run our hotel.

21 MR. GRIFFIN: For the record, my
22 prideship hotel is the Beverly Hilton in Beverly Hills, and
23 although that's a franchise, the hotel, we use their name
24 and we use their reservations, but we manage the hotel.
25 This year I've bought three hotels in situations very

1 similar to Evansville. One in Albuquerque, I bought
2 Scottsdale, and I've bought Deerfield Hilton, which is in
3 Ocotraton, Florida. I think the more business that comes
4 here the more excitement and the more the tourist
5 attraction, the more rooms you're going to fill. There is a
6 great synergy between the hotel and the gaming casino.

7 There is a thing called -- if you have an
8 attractive hotel that will bring in the kind of gaming that
9 you want. At my hotel in Atlantic City we're running 80 to
10 86 percent occupancy all year long, now, where in the old
11 days we didn't. But there's -- the casino is given a
12 certain number of rooms in the hotel and that's how you --
13 that's how you entice your big players, and no operation
14 wants to be without big players, but with they want
15 combinations. And everything and everybody will benefit by
16 it. The more tourists you have coming in, the more they're
17 going to stay.

18 Oh, good Lord, we only have 12,000 rooms in
19 Atlantic City, Las Vegas has 120,000 rooms and we keep them
20 filled all the time. It will be amazing the attraction of
21 gaming to this community.

22 MR. RITTVO: Okay. Can I add one
23 other thought to that, Commissioner? Evansville has a
24 Visitors and Conventions Bureau which is, of course,
25 interested in promoting the convention industry. Arming

1 them, the bureau, as a market tool with the kind of an
2 excitement and kind of entertainment package that we believe
3 that Player's riverboat will provide, particularly if you
4 glance away from the Executive Inn, we believe by enabling
5 the convention groups, that it will be more successful than
6 perhaps it has been, and market Evansville as a convention
7 center, and that will also answer, as that Mr. Griffin
8 indicated, it will answer the question of where the rooms
9 are going to get filled.

10 The issue really is, would a hotel nine to
11 ten blocks away from a riverboat actually benefit from the
12 riverboat. I haven't seen that anywhere. When I went to
13 Atlantic City the casino was near the riverboat, all right,
14 via the casino. When I went to Las Vegas the hotel was --
15 I'm sorry, on top of the casino. In all the new venues that
16 I've experienced around the country the hotel needs to be --
17 it has been proximate to the riverboat. I think you're
18 really looking at two different activities. Riverboat
19 patrons want to be near their facility. I think that what
20 will happen is they will still be out there, you know, as we
21 look at it, we look at the number of patrons that will come
22 in, it will suffice to make the Player's Hotel solvent, you
23 know.

24 As Steve said, it's not going to be highly
25 profitable because of the interaction with the casino, but

1 we will generate more activity than just a hotel can
2 accommodate, and that will allow for out flow, you know,
3 into the other hotels in the community. Conventions
4 generally come to communities even if they don't gamble, but
5 they come to the community because it's an amenity that will
6 attract people. The placing of the riverboat in Evansville
7 will have some positive impact even on -- even on the
8 Executive Inn where it's located, but more for convention
9 activity. I don't know that you can mix those two
10 activities as easily as it sounds.

11 MR. PERSKIEE: For the record, that
12 was Mr. Rittvo.

13 COMMISSIONER: Well, how do I ask
14 you? Will we have an opportunity to visit with everybody
15 tomorrow and ask all the questions of everybody at the same
16 time? I would ask you all to come prepared because I think
17 the people from Hyatt are pretty -- pretty well prepared on
18 this room occupancy thing. So be -- be prepared to answer
19 some questions or talk about their numbers.

20 MR. FISHMAN: Commissioner, Ed
21 Fishman. I'd like to say the history so far over four years
22 of riverboats and the hotels are an open era. Like I said,
23 on the weekends our hotels are both -- midweek they're
24 running in the 60, high 60 percent, and most of that is --
25 well, as Mr. Griffin said, it counts. We feel, in other

1 words, why that we want to put our hotel there is that
2 working with our 47 plus and our association with Greyline
3 Tours, who work out of Nashville and St. Louis, that's where
4 you hope that they do business after you book the overnight
5 business.

6 So I think he can do it, and I think that a
7 hotel that is four or five blocks away has to work with
8 conventions to do so. It won't be similar to the casino
9 picture. As Mr. Griffin said, that they want to stay as
10 close as possible, and in order to be -- have a nature of
11 what's coming, what we have to go against here in
12 Evansville. You need a new hotel will add to that
13 property. So in Metropolis we have a small, a hundred and
14 twenty room hotel that runs approximately 87 percent
15 occupancy right now with almost a hundred percent on
16 weekends, high 60s in midweek, and that's what the -- very
17 similar to the other boat committees that opened the
18 hotels.

19 MR. PERSKIEE: Mr. Sundwick, you
20 just have a look on your face that suggests that we haven't
21 quite answered the question. Are you asking us if opening
22 the riverboat will hurt the Executive Inn; is that what your
23 asking?

24 COMMISSIONER: No. I've heard a
25 lot of numbers about how many, you know, occupancy -- the

1 rate of occupancy of how many hotels. I also heard not only
2 one suggested having a hotel and then you said, well, we
3 initially did and now we do and it's because the city said
4 really we need to do that. So now you think it's a good
5 idea. I have -- I have hotels that -- yeah, we really don't
6 think it's a good idea to be going in, but, even if you've
7 got to refurbish over 400 rooms, and then we've got -- you
8 know, you got enough hotel space.

9 MR. PERSKIEE: It's not that we
10 didn't think it was a good idea and did it only because the
11 city asked us to do it. That was the renovation to go back
12 and relook at it and redesign the project to include a hotel
13 that we feel now is -- is appropriate for this project. It
14 is also our view, and this is one thing that Mr. Rubeli said
15 this morning, if we do -- that if we do indeed this kind of
16 project and we bring what Merv Griffin and the Player's
17 history suggests that we can to this city and whether it's
18 Hyatt or somebody else, somebody is going to take that
19 Executive Inn and do what Hyatt has suggested today to do
20 and is going to make a lot of money. That is our view.

21 MR. FISHMAN: And also in most of
22 the markets where hotels are not recorded and the operators
23 that have come back include Mississippi. Part of the reason
24 is that the city is not reaching the numbers that its
25 anticipated to reach, and why people are shifting to other

1 markets are that the hotels weren't there. The casinos are
2 now slanted, and the Mississippi Gaming Commission has now
3 mandated that each casino invest 25 percent of its
4 activities and its capital gross in non-gaming,
5 predominantly hotel activities. I think the industry learns
6 over time, and I think that's a real significant thing to
7 deal with. Every casino that I've seen that has not started
8 a new hotel has added one basically within a year.

9 COMMISSIONER: Are you saying that
10 there is going to be an overflow of occupancy in Player's
11 hotel that would help -- that the Executive Inn could
12 sustain with the people that couldn't come to your hotel?

13 MR. PERSKIEE: To some degree.
14 What we're suggest is that beyond that notion that the kind
15 of a facility that the riverboat hotel will be will bring
16 enough people to the community so that there's a little bit
17 of that, but also that the city's other activity, such as
18 the marketing of itself as a convention site will also be
19 assisted, and the synergy affect of those will help to fill
20 places like the Executive Inn.

21 COMMISSIONER: Okay. If we assume
22 you the Executive Inn goes down the tubes in February if we
23 don't grant license to Evansville Landing, do -- will
24 Player's Hotel have sufficient convention space, convention
25 room space?

1 MR. PERSKIEE: Yeah.

2 COMMISSIONER: Do you have any
3 convention room?

4 MR. PERSKIEE: Yes. We have -- we
5 can give you design of that and I'll be happy to in just a
6 second, but understand our concept. Our concept is that the
7 last thing that we want to do is to go into competition with
8 the convention facility that already exists in Evansville.
9 We want to bring more people here, but not necessarily to
10 limit them to experience on our property.

11 COMMISSIONER: Well, my question
12 would be that I've heard all of this about the walkway and
13 how it's going to help the walkway because it will be
14 situated at the end the the walkway. I have a really good
15 feeling there's going to be a big, empty hotel and an empty
16 parking garage and an empty convention center if -- if
17 Evansville Landing doesn't get the license. So what we'll
18 have is if you get the license, we'll have programs things
19 going on the walkway that you will contribute to based on
20 what we heard, and a block over is going to be to a 470 room
21 flop house that's going to be more and more more
22 deteriorated. And -- and not hearing an answer of why we
23 shouldn't care about that --

24 MR. PERSKIEE: Well, --

25 COMMISSIONER: -- because it's

1 going to be -- it's going to be terrible to have that a
2 block away from the wonderful walkway.

3 MR. PERSKIEE: Commissioner, to be
4 very frank with you, we don't share your premise. The
5 premise is if anybody other than Landing gets the license
6 that the -- that the Executive Inn will go under. And as I
7 said to you, Mr. Rubeli disagreed with that, and it may be
8 the only thing he said that we agreed with him on. We don't
9 think this particular deal obviously will go under. I have
10 -- I don't know what their plans would be for that part if
11 they don't get the license, but it is our view that if you
12 -- if you inject the kind of business and the kind of
13 tourism volume and the kind of excitement and entertainment
14 and of all the other amenities that we're talking about into
15 the city of Evansville, you arm the other institutions of
16 the city, in particular the Convention Bureau with the kind
17 of marketing tools they need to bring people here for other
18 things.

19 No matter who gets the license, let me assure
20 you that no matter which of the companies gets the license,
21 the lesson we learned in Atlantic City, no matter who gets
22 the license, that company cannot by itself no matter what it
23 does, no matter what it invests, no matter what it does, it
24 cannot by itself, rebuild the economy of the city. What it
25 takes, an this is again with the lesson in Atlantic City,

1 what it takes is a synergistic effect, the riverboat being a
2 greater magnet by way of the facilities involved, by way of
3 the entertainment involved, by way of the tour packages that
4 you've heard about to bring people here.

5 You have to have a couple of other things.
6 You've got to have non-gaming attractions in the city for
7 people to do and to see when they get here and things to do
8 other than spend a few hours in front of a slot machine.
9 You've got to have hotel facilities, you've got to have Main
10 Street shops, you've got to have a very active and capable
11 convention bureau. We would be. We have been in other
12 areas enthused and capable about working with that kind of a
13 convention bureau to do their share of bringing people
14 here. That's what's going to save the Executive Inn.

15 COMMISSIONER: So there would be
16 some sort of trade in that hotel.

17 MR. FISHMAN: I think the best way
18 to answer that is what we've done in Metropolis. There were
19 practically no motels, hotels. There have been two more
20 hotels that have opened in Metropolis. There have been six
21 more hotels that have opened up of a hundred to a hundred
22 and twenty-five rooms in Paducah, Kentucky, nine miles
23 away. We started out, which we planned to do here with the
24 Executive Inn, the same as we did in the Executive Inn in
25 Paducah which was ten miles away on acting and without tour

1 and travel experience.

2 We have packaged that hotel, which is close
3 to 500 rooms as a convention center, again ten miles away
4 from our boat. We worked with seven or eight hotels in
5 Paducah, just like the one being built. So the answer to
6 your question of whether or not the hotel will go under, I
7 don't think so. I think that the marketing company will do
8 the same thing that the we have done. And our past and our
9 history speaks for itself. We will market the property to
10 our advantage.

11 COMMISSIONER: I have a couple of
12 other questions not along that line. I don't know if
13 anybody else has anything. Just quickly, the community
14 incentives that you've all spoken about, are you willing to
15 have a line of credit at whatever financial institution here
16 and see that those payments would be made?

17 MR. PERSKIEE: I'm instructed to
18 advise you that the answer is yes.

19 COMMISSIONER: And in reference
20 employing local residents. There had been talk about that.

21 MR. PERSKIEE: We would commit to
22 the same, we already have to some of the people you heard
23 speak today, we've already started that process.

24 COMMISSIONER: All right. As far
25 as training facilities for dealers, et cetera. Where would

1 that take place? Would it be locally or would it be --

2 MR. PERSKIEE: It would be here in
3 town.

4 COMMISSIONER: All right. And
5 would they --

6 MR. PERSKIEE: More particularly
7 than a flip here in town, and a more particularized answer
8 is here in town in the fourth and sixth wards.

9 COMMISSIONER: All right. As far
10 as part-time employees. What percentage of the minority
11 numbers that you've given us would be part-time employees?

12 MR. PERSKIEE: Barbara.

13 MS. ECKENBERG: Well, what I can --
14 what I can tell you is the history that we've had in
15 Metropolis and Lake Charles. And what I can tell you is
16 what we had in the history of Lake Charles and in
17 Metropolis, and we employee a very small number, 82 percent
18 of part-time employees, and that is not because we don't
19 want to. I can tell you that the majority of the people
20 that walk into my office every day and fill out an
21 application are generally looking for full-time employment
22 because they need it. Either they're single parents or
23 they're head of the household on their own. But we, because
24 of our teamwork business as well, when we get busier in the
25 summer, of course, there's going to be more valeted parking

1 areas, more front line employees where we will employ a
2 higher number of part-time employees as we need it.

3 COMMISSIONER: All right. And what
4 about -- the other applicants had stated about 15 percent
5 that would be part-time employees. Would that be similar to
6 your situation then?

7 MR. PERSKIEE: No.

8 MS. ECKENBERG: I think that's
9 accurate during our seasonal needs, yes.

10 COMMISSIONER: Okay.

11 MR. PERSKIEE: In general, over the
12 course of a year, we don't average 15 percent.

13 COMMISSIONER: Also in reference to
14 part-time employees, I would assume full-time employees
15 would have certain benefits, health care packages, et
16 cetera. Part-time employees, would that be -- would they be
17 eligible for those benefits also?

18 MS. ECKENBERG: Our benefit package
19 is based on a 32 hour work week on average, and we do
20 average that over the year. So it is possible that some
21 part-time employees would be eligible for the health care.
22 Of course there's other benefits as well that we offer that
23 part-time people are eligible for and can partake as a
24 part-time employee.

25 COMMISSIONER: In reference to the

1 women business enterprises and minority business enterprises
2 I believe that that was addressed earlier. Ms. Eckenberg,
3 in reference to women within the administration of -- of
4 Player's, do you have any superiors that are women?

5 MS. ECKENBERG: My -- you mean
6 myself?

7 COMMISSIONER: Yes.

8 MS. ECKENBERG: No, I do not.

9 COMMISSIONER: You are the director
10 of Human Resources?

11 MS. ECKENBERG: Yes, I am the
12 director of Human Resources. No, my superiors are all male
13 currently. When I started with Player's, I had a female
14 supervisor.

15 COMMISSIONER: As far as labor on
16 building the hotel and any other construction work, you had
17 a union representative give some testimony earlier that it
18 will be union labor that will be doing the work.

19 MR. PERSKIEE: Yes.

20 COMMISSIONER: Are there any other
21 riverboats licenses being pursued in any other
22 jurisdictions?

23 MR. PERSKIEE: Yes.

24 COMMISSIONER: Where at?

25 MR. PERSKIEE: We have an

1 application in Louisiana for a second license. We expect a
2 decision on that application next week. We have also filed
3 an application for a license in Missouri and for a site in
4 the suburb of St. Louis called Marilyn Heights. That
5 process is complicated, but --

6 COMMISSIONER: There was an
7 explanation earlier today about Missouri.

8 MR. PERSKIEE: Yes. My rough
9 estimate at this point is we will have a sense of that
10 within the next, let's say four months.

11 COMMISSIONER: Okay. My question
12 in reference to that is if it is profitable here Evansville
13 and unprofitable in the other jurisdictions, would you drain
14 the profits off from them or keep it in the jurisdiction?

15 MR. PERSKIEE: Two answers. The
16 first answer is no. The second answer is how I can prove
17 that first answer is right and that is simply to look at
18 what we've done in the two properties where we are. We had
19 in each instance where we had heard revenues made money in
20 the the two properties. As I just mentioned a minute ago
21 that we've applied for a second license in Louisiana. What
22 that story is that you heard already, we've had an operating
23 facility in Lake Charles that has now opened for about 14
24 months. We've done very well in it.

25 As a result of that success we have now made

1 an application to Louisiana to allow us to invest an
2 additional \$85 million to buy a second license, locate at
3 the same site, buy the hotel, prove the hotel, add more
4 rooms, build a parking garage, recreate the bar, total of
5 about 85 or \$88 million worth of investments plowed back.
6 That represents our earnings from Lake Charles. Similarly
7 at Metropolis since we've started, we have put the hotel
8 there, we've put the theater that Mr. Griffin mentioned, and
9 we continue to reinvest in that property as well.

10 COMMISSIONER: Okay. As far as the
11 boat in the water and the temporary facility, how soon with
12 you anticipate that --

13 MR. PERSKIEE: September.

14 COMMISSIONER: September for the
15 temporary facility?

16 MR. PERSKIEE: At Inland Marina
17 where we have site control where there are already permits
18 or the non-gaming permits, and we have the ability to be
19 open and operating at that site we estimate, all the
20 permitting process and what not will enable to us open by
21 September.

22 COMMISSIONER: And then for the
23 permanent facility. When would that be?

24 MR. PERSKIEE: John Brotherton,
25 senior vice president for Construction and Development.

1 MR. BROTHERTON: Commissioners, I
2 estimate that process in the application to take 12 months;
3 however, that would be the longest record I've ever had. I
4 built the Metropolis boat in eight and a half months, the
5 Lake Charles boat in nine and one week. So if you want a
6 commitment, one year. If you want the truth, probably much
7 less.

8 COMMISSIONER: All right. The --

9 MR. PERSKIEE: The commitment, and
10 that is the truth is on your side. I want you to understand
11 that.

12 MR. CHAIRMAN: I would just like --
13 when would the pavilion be finished?

14 MR. BROTHERTON: The pavilion will
15 take 12 months to build on top of the parking garage, but
16 the hotel will begin, and on top of all that will take
17 another 8 to 12 months.

18 MR. CHAIRMAN: So we're talking 12
19 months for the pavilion and 24 months for the hotel to open.

20 MR. BROTHERTON: Yes, sir.

21 MR. CHAIRMAN: Okay. You actually
22 showed in your cash flow that the hotel was still being
23 built in the third year. Did I misread it?

24 MR. PERSKIEE: Yeah, that our
25 fiscal year, which is March 31 and year end. So you're

1 talking about a fiscal year. The third year, you're talking
2 about actually starts April 1 of what you're going to call
3 the second year.

4 MR. CHAIRMAN: You have good
5 answers for everything.

6 MR. PERSKIEE: Thank you.

7 COMMISSIONER: All the information
8 we're hearing here today has to do how all of the applicants
9 are going to help the community. You've had people here
10 testifying on your behalf about the boat being at the end of
11 the walkway and how it's going to benefit the walkway
12 there. The comment made earlier that you're main concern,
13 first concern is people and then money. My question is here
14 in reference to the situation with the DNR and the National
15 Park Service about Aztar and Evansville Landing proposed
16 docking site.

17 One thing as far as Player's and a couple of
18 other people were either filing complaints or petitioning,
19 however it works with the National Park Service. The
20 impression that I have is that, among all the other things
21 that the Gaming Commission has to deal with, this is
22 something else that we shouldn't have to deal with. It
23 doesn't seem to me to be in the best interest of this
24 community. It seems to me to be sour grapes or at the most
25 regarding the endorsement from the city, or possibly if you

1 don't get the license, you're going to screw that up for
2 everybody else.

3 What I'm doing is presenting you the
4 opportunity to change my mind or at least straighten me out
5 on that. I'm reading this newspaper article from the
6 Evansville Press from January 14, 1995. It states here that
7 Player's filed a complaint, and in here it states that he
8 has no invested interest other than the fact that he owns
9 the land where the hotel will be. And another lady, a
10 neighbor organizer, was honest enough to say that she had
11 help from Player's to complete the complaint. I need to you
12 address that because I have to be honest with you, that
13 really bothers me. I want to know number one, how it is
14 that Player's has standing with an non-resident to originate
15 a claim? And why it is that you feel the need to address
16 that? Just honestly, just tell me.

17 MR. PERSKIEE: We really appreciate
18 the opportunity in which to respond. First, on the standing
19 issue, I don't propose to sit here in Indiana where I'm not
20 licensed to practice and tell you about Indiana law. I can
21 only tell you that if it were another state, I could make an
22 argument that as a contract purchaser of land, that would be
23 economically impacted by the decision. I think they're
24 standing, I'm not sure. And eventually whoever gets them,
25 whatever people behind the investment or whatever will make

1 that decision. So that's the theory.

2 But I can tell you very specifically why we
3 filed that objection, and it certainly has nothing to do
4 with sour grapes and it certainly has nothing to do with
5 screwing anything else up. Player's came to the community,
6 as I mentioned earlier, and took a look around at the
7 various sites, did some homework, bought to bear our
8 experience in other jurisdictions. We had dealt with
9 questions and park conversion before. We know that it
10 involves the alike problems that we did not look to be
11 involved with and did not frankly think, from our point of
12 view, were in the best interest of city, the best interest
13 of the city in terms of getting a project up and running
14 quick and easily and with a broad basic community support.

15 Frankly, what has happened since then as
16 reinforced, there has been through no initiative of ours
17 what we consider to be a significant division in the opinion
18 in the community as to whether or not the park should be
19 converted. That's technically not our business. But with
20 respect to the application to convert to the extent that
21 that application has a direct impact on this process it is
22 frankly, we feel not really our legitimate concern. Now,
23 our philosophy is real simple. We're not trying to screw
24 anything up.

25 If we don't get the license, we don't get the

1 license. And I presume it will made on whatever basis you
2 people think is legitimate. But it certainly is not any
3 type of a blackmail or anything like that. We spent
4 considerable effort and quite a few dollars in acquiring the
5 opportunity. We made an investment in that land near,
6 adjacent to Dress Plaza for all the reasons you heard. It
7 was because we think it's the best place to be from a
8 variety of points of view, and we're a public corporation.

9 We have an invested in that property. It's
10 an asset of the property. We are respectfully suggesting, you
11 have an obligation to defend that asset and that's what
12 we're doing. The prothesis will work their will. If we get
13 lucky, the conversion issue, nobody needs to worry about
14 it. And if not, we'll all cross that bridge when we get to
15 it.

16 COMMISSIONER: Well, my question
17 would be, say on February 10th we didn't give it to you all
18 and the applicant who would receive the certificate and
19 liability would receive all permits from the Coast Guard and
20 the Corp of Engineers and everyone else except for the
21 National Park Service because of the complaint that had been
22 filed. How would that benefit to the residents of
23 southwestern Indiana and the state of Indiana as a whole if
24 that whole process of that boat being put in the water is
25 being held up because of the complaint filed about whether

1 that park should be there or not.

2 MR. PERSKIEE: Commissioner, that
3 -- that -- that question sort of requires us to equate the
4 best interest of the citizens with somebody's inability to
5 pursue what arguably is a legitimate issue. I think that
6 the process should play itself out. I don't question
7 anybody's authority to seek the conversion. Yeah, I don't
8 question anybody's authority to seek the conversion. I
9 respectfully suggest that both we and the other objections
10 have a right to test whether that conversion meets
11 applicable standards. If it does it does, if it doesn't it
12 doesn't, but I -- I have -- if your question that somebody
13 should not for -- for -- I'm not sure what reason, somebody
14 should withhold the ability to -- to measure whether it
15 meets statutory standards, I'm not quite sure I follow you.

16 COMMISSIONER: I don't have
17 anything further.

18 MR. CHAIRMAN: Well, I'd like to
19 follow-up on that.

20 MR. PERSKIEE: Sure.

21 MR. CHAIRMAN: To me the citizens
22 of Evansville who have filed any kind of a protest can
23 continue, you know, long into the night, until the whole
24 process runs through. The idea, however, of you doing that
25 yourself or sponsoring the individuals to do it strikes me

1 as it does apparently Commissioner Vowels as not being a
2 fair way to play.

3 MR. PERSKIEE: Well, let me --

4 MR. CHAIRMAN: Your video of the
5 barges and the things running into each other and the line
6 of Kentucky and so forth -- I mean, that was much more
7 impressive to me as legitimate points that -- that -- that
8 -- than to -- to --

9 MR. PERSKIEE: If your question is
10 if we don't get the license, are we going to pursue the
11 objection? Is that -- that the question essentially that
12 you're asking.

13 MR. CHAIRMAN: I guess that's the
14 way --

15 COMMISSIONER: Let's ask that
16 question. If you don't get the license, are you going to
17 continue to pursue that objection?

18 MR. PERSKIEE: To pursue that
19 objection, the answer is no. There wouldn't -- there
20 wouldn't be any purpose. Our purpose in doing it is to --
21 but one of our arguments against the Riverfront Park site is
22 that it -- it's conversion violates we believe the
23 applicable standards of the law. If in fact without a
24 license, we don't have any interest in whether Riverfront
25 Park is converted. We're not going to chase it, and we

1 didn't file it for any purpose other than the same reason
2 we're here today. We're here today in radical disagreement
3 with a number of things that you've seen the other
4 applicants say, and they with us. There's nothing wrong
5 with that. You're going to decide it, and when you decide
6 it's decided.

7 COMMISSIONER: That answers my
8 question, the complaint you filed February 11 regardless of
9 whether you get the license or not. That -- that answers my
10 question.

11 MR. CHAIRMAN: Any other questions?

12 MR. PERSKIEE: It might be the 13th
13 or the 14th, but the 11th is a Saturday.

14 COMMISSIONER: I have a few. The
15 first question is how in the world did you ever get a
16 partner from Mercer and Young to stand up and say such
17 positive things about your company without a -- I mean, for
18 a CPA to do that?

19 MR. CHAIRMAN: By the way -- by the
20 way, the letter is not that positive and it doesn't express
21 the kind of opinions. I hope your partners know what you've
22 said today or at least your joining people.

23 MR. PERSKIEE: These partners --
24 these partners know precisely what we said.

25 COMMISSIONER: Did you make your

1 own independent market analysis of Evansville.

2 MR. PERSKIEE: Yes.

3 COMMISSIONER: And how close -- it
4 compared, I assume with the one that the city made.

5 MR. PERSKIEE: As a matter of fact,
6 it it turned with Deloid and Touth, it turned out that our
7 analysis came out with the same projected patron base that
8 they did. I'm not sure that the prothesis were necessarily
9 identical, but the results were pretty close.

10 COMMISSIONER: Okay. If the
11 problem with the Kentucky waterway is resolved, if it goes
12 away, what location is the best one then? Still --
13 still --

14 MR. PERSKIEE: As far as we're
15 concerned, Dress Plaza.

16 COMMISSIONER: It's still the same
17 order that you gave before?

18 MR. PERSKIEE: Well, we've got to
19 be careful. From our point of view, Dress Plaza is the best
20 location. If you're going to take it from a certain very
21 narrow prospective as you heard Captain Brock indicate,
22 Inland Marina is the best site. But we believe and the I
23 think the city believes that a downtown site is the best,
24 and that is our view. In our view, there is only one viable
25 downtown site, and that is Dress Plaza.

1 COMMISSIONER: So that would be the
2 case even if you didn't have the problems of reaching
3 Kentucky's boundary problem?

4 MR. PERSKIEE: The problem with
5 reaching Kentucky's boundary is a serious exacerbation, but,
6 yes, it would be the same.

7 COMMISSIONER: Okay. Were the
8 minority oriented programs that you talked about earlier, is
9 that represented in your community investment board? That's
10 how it's described.

11 MR. PERSKIEE: Yes, yes.

12 COMMISSIONER: And that total is
13 \$3,743- -- \$3,750,000?

14 MR. PERSKIEE: I believe that -- by
15 looking at these total contributonal figures that -- okay.
16 We have some subdivisions that I've just been handed, the
17 community investment boards specific allocation. Apparently
18 in year one it's 362,000, rising to 449 in year two, a
19 million and 62 in year three, a million 626 in year four,
20 and a million 838 in year five. This is under public
21 private initiatives.

22 COMMISSIONER: Okay. Has your
23 company had any recent placements of debt?

24 MR. PERSKIEE: No, other than the
25 reference that's in your red book to the negotiation of a



1 line of credit which we have not yet formalized, but which
2 is -- is -- other than that, no.

3 COMMISSIONER: Okay. Do you have
4 the quota rate on that yet?

5 MR. PERSKIEE: We have it. Peter
6 Alanock, whose resume is in you red book is our chief
7 financial officer. Peter.

8 MR. ALANOCK: The rate of the bank,
9 that varies with the amount of debt that's in the company.
10 At the current time, as you know, we have less than \$10
11 million worth of debt, and it would be about 8 percent. As
12 we borrow more money, we'll probably proceed to borrow a
13 full amount of bank line and it will go up to about eight
14 and a half percent. If we were to go out into the market
15 and raise large amounts of other money, then it would move
16 up to up around nine percent.

17 MR. CHAIRMAN: Could they raise the
18 rates of that?

19 MR. PERSKIEE: Mr. Griffin, our
20 financial expert says they did. They raised it a half a
21 point while we were sitting here.

22 COMMISSIONER: How much money have
23 you spent in Evansville so far in getting to this point?

24 MR. PERSKIEE: Just over a million
25 dollars.

1 MR. FISHMAN: Yeah, I would say
2 around a million dollars.

3 COMMISSIONER: That takes care of
4 me.

5 COMMISSIONER: I just have a --
6 kind of a simple question. You went through the city
7 process. Do you feel that the reason you didn't get city
8 recommendation is because of the site, or was there
9 something else about the process that eliminated you from
10 getting the city recommendation?

11 MR. PERSKIEE: Well, it's hard to
12 speak for the city, and -- and it should be said, it should
13 be emphasized that we're not in a position to be terribly
14 critical of the process, which we believe is a good process
15 earnestly undertaken by a lot of very hard working people,
16 because we did relatively well in that process. We were
17 windowed in, if you will, at the first phase. We started at
18 six and they went to the three, and we were in the three,
19 and of course one of those three dropped out. So we're not
20 going to sit here before you and tell you that it is a
21 terrible process.

22 On the other hand, it's little uncomfortable
23 from our point of view to be sitting here in effect with
24 three adversaries. You know, we met with the Mayor a couple
25 of months ago to assure him that before we got into this

1 active stage that we -- were going to come here and work
2 very hard to get your approval. We hope to get it, and if
3 we did get it we wanted him to know in advance that we would
4 work very hard to create the kind of relationship for the
5 city that we have in the other two municipalities. As a
6 part of our process, given that we were one of the three
7 preferred developers, we did have an opportunity after that
8 first phrase selection to get into more substance of
9 discussions with the so-called second phase. And we did
10 enter into a series of written commitments with the city,
11 and that you have in your application, and by which we are
12 and will continue to be bound. I'm not sure if that fully
13 answers your question, but I don't know what else to answer.

14 COMMISSIONER: Well, the second
15 part of my question was do you feel that you can work with
16 the city?

17 MR. PERSKIEE: Yes. Yes. If I --
18 if I left any -- I would assure you of the answer. That's
19 what I said. Mr. Fishman and I specifically came to
20 Evansville for no purpose other than one day, I believe
21 early December, to meet with the Mayor and Ms. Cole to tell
22 her and to tell him just that, and and we're telling it to
23 you today.

24 COMMISSIONER: What was the Mayor's
25 reaction, or have you talked to him since these complaints

1 have been filed?

2 MR. PERSKIEE: I have -- I have no
3 idea. I haven't talked to him.

4 COMMISSIONER: Okay. Do you think
5 that that will affect your relationship?

6 MR. PERSKIEE: I think it will
7 affect it at the moment, yeah. I think he's probably pretty
8 annoyed, but we had tried both in the original city's
9 evaluation process and again when we met with him to explain
10 that we felt that there were very serious problems with the
11 Riverfront Park site for either applicant that we saw that
12 the city didn't see. And essentially, his response and I
13 quote him by essentially paraphrasing, "You have your view,
14 we have ours," and that's fine.

15 And we don't object to that and, frankly, we
16 don't think that he should either. It's up to you to decide
17 at the end of the day whether our concerns of both location
18 and safety and conversion and all the others concerns that
19 we've tried to present to you are sufficient to raise a
20 question about whether that's an appropriate site for this
21 boat. We hope you think that it is a non appropriate site.
22 That's for you to decide.

23 COMMISSIONER: Thank you.

24 MR. CHAIRMAN: Anyone else?

25 COMMISSIONER: How long does it

1 take to train these people, say like a dealer or somebody
2 like that?

3 MR. PERSKIEE: It varies according
4 to whether, of course, they've had any experience at all to
5 start. It also frankly varies to a certain degree from one
6 game to another. It takes significantly longer to train
7 somebody for example at a craps game than it does to run a
8 big six wheel or even a -- even a blackjack game. But the
9 range, if your interested -- Barbara, can you --

10 MS. ECKENBERG: Barbara Eckenberg.
11 Our dealer school currently runs for six to eight weeks, and
12 that is to teach the dealers the basic skills of how to
13 deal. A dealer doesn't really learn how to deal until
14 they're actually dealing on the job so that they learn that
15 while in a introductory period, but the training itself is
16 six to eight weeks.

17 COMMISSIONER: They don't wear
18 trainee tags or anything, do they?

19 MS. ECKENBERG: I'm sorry?

20 COMMISSIONER: They don't wear any
21 trainee tags or anything, do they?

22 MS. ECKENBERG: No.

23 MR. PERSKIEE: They have to be
24 fulled trained before they get out into real combat.

25 COMMISSIONER: Are they paid for

1 their time during training?

2 MR. PERSKIEE: Yes.

3 MS. ECKENBERG: During the time
4 they're training, yes, they are paid. When they attend the
5 schools to learn the basic skills, no, they are not paid.

6 COMMISSIONER: And what is that
7 time it would take to -- to learn the basic skills in
8 school?

9 MS. ECKENBERG: Six weeks.

10 COMMISSIONER: I have one last
11 question. The Evansville Landing, they were invited back
12 after the Gary hearings to visit with the Mayor. Have you
13 been invited back to visit the with the Mayor?

14 MR. PERSKIEE: No, but the reason
15 is very simple. Evansville Landing was not in the first
16 group of three, and as I understand it, and I can't speak
17 for them, but as I understand, it all goes back to the
18 dialogue with the city, and those three ceased at that
19 point. I guess I'm the only one left that will tell you
20 that. The other three, Aztar, Jumer's and myself were
21 invited back for a second round of discussions, which in our
22 case resulted in the negotiating of a letter of commitment
23 which we filed as so did Aztar. The city eventually chose
24 Aztar and their letter of commitment before ours, but the
25 letter of commitment that we filed with the city we consider

1 the advantage and consider it today, binding on both the
2 city and on us and we intend to live with it.

3 COMMISSIONER: Thank you.

4 THE CHAIRMAN: Anybody else? Mr.
5 Thar?

6 COMMISSIONER: Just a few questions
7 and I'll do the rest tomorrow. Going back to that letter of
8 commitment, in fact, after Aztar was endorsed, didn't you
9 stand behind that letter of commitment when asked by the
10 city?

11 MR. PERSKIEE: Yes.

12 COMMISSIONER: So while you were
13 not being the endorsee of the city, you were not the loser
14 of the process either?

15 MR. PERSKIEE: Meant to suggest
16 that we feel that we did obviously better in that process
17 than the three other companies and we're satisfied. We're
18 satisfied with all the results of that process of stage
19 one.

20 COMMISSIONER: But you were not the
21 city's endorsee.

22 MR. PERSKIEE: Well, we'd rather be
23 the city's endorsee, but were satisfied with the kind of
24 commitment that we made to the city. It is in balance and
25 fair commitment and we're prepared to comply with it.

1 COMMISSIONER: A few quick
2 questions. First, you indicated that you'd be in operation
3 on the temporary site by September.

4 MR. PERSKIEE: Yes.

5 COMMISSIONER: For some reason I
6 find your application that you proposed a quicker -- like a
7 four or five month time -- time limit.

8 MR. PERSKIEE: Give me just a
9 second.

10 COMMISSIONER: Why is that?

11 MR. PERSKIEE: Give me just -- I'm
12 told that we think that we told you six months.

13 COMMISSIONER: Okay.

14 MR. PERSKIEE: Exhibit 42.

15 COMMISSIONER: September 22?

16 MR. PERSKIEE: No Exhibit 42.

17 COMMISSIONER: Thank you. Mr.
18 Brothers, is it?

19 MR. PERSKIEE: Brotherton.

20 COMMISSIONER: Brotherton, I'm
21 sorry. You indicated about the contract with the Corn
22 Island Shipyard. Is that to construct the boat or to finish
23 the boat out?

24 MR. BROTHERTON: To construct the
25 full vessel, sir.

1 MR. PERSKIEE: You'll find the
2 contract in the red book, Mr. Thar.

3 COMMISSIONER: You represent that
4 you have the highest margins in the riverboat industry.

5 MR. PERSKIEE: Yes.

6 COMMISSIONER: Would that be in
7 part true because you're in joining monopolies presently at
8 both Lake Charles and Metropolis.

9 MR. PERSKIEE: To a significant
10 extent. Actually --

11 COMMISSIONER: What do you think
12 your margins will be once you have the competitive market
13 there?

14 MR. PERSKIEE: There or here?

15 COMMISSIONER: Pardon?

16 MR. PERSKIEE: There or here?

17 COMMISSIONER: Well, let's put a
18 boat here in relationship to Metropolis. There's going to
19 be some kind of competition.

20 MR. PERSKIEE: Mr. Fishman.

21 COMMISSIONER: Thank you.

22 MR. FISHMAN: Ed Fishman. Our
23 margin will go down here in Metropolis, is what usually
24 happens with the competition, is that -- what's happening
25 over the last 60 years is that people start advertising free

1 admission, free food, free shows, free hotel rooms et
2 cetera. So awarding the good players starts playing down to
3 the other monopoly. You don't have to go all the way.
4 Somebody says, okay, it's free admission now, admission goes
5 away; free drinks, that goes away et cetera, et cetera. So
6 when -- yes, there is going to be a competition. Our
7 margins probably will erode in Metropolis.

8 COMMISSIONER: Where -- where do
9 you project your margins to be two years from now viewing an
10 Evansville boat?

11 MR. PERSKIEE: You mean
12 Metropolis?

13 COMMISSIONER: The boat in
14 Evansville, whether it's yours or somebody else's. Where do
15 you see the margins?

16 MR. FISHMAN: Well, good question.
17 If we are the operators here, of course, people will enjoy
18 the operations. We won't have to compete, and that's a very
19 important point. All three companies standing in front of
20 you, will make a substantial amount of money. They may have
21 omissions in there. They have made revenues for food. They
22 may have revenues for drinks in there.

23 If we're the operators, I would still be
24 there. If we're in competition and if Metropolis all of a
25 sudden starts giving away free drinks, after a while

1 customers will travel an hour to get free admission, free
2 drinks and a free buffets than the operator here. In other
3 words, they may start doing competition or their market. So
4 again, if we are the operators in both places we can
5 stabilize the market. I mean, we will bring more people
6 in. We would increase it. We will increase towards them,
7 but we don't have to erode our margins, so I think we will
8 continue those margins.

9 Now, if we're not, you know, the operators, I
10 think the margin will lower, whether it's five percent to
11 ten percent, it depends. We have a substantial of two
12 years, and let's say another six months of operation for the
13 other operator. We'll have two and a half years in the
14 marketplace in Metropolis. As I said before, we have
15 approximately a hundred and thirty-five thousand active
16 regular customers. We have a lot of tour operators that are
17 very close to us, and quite honestly, we have Merv Griffin
18 and a lot of people like coming to our properties.

19 COMMISSIONER: Do you see your
20 margin docking under 40 percent getting closer to the
21 industry average that -- to the extent that your exceeding
22 it right now?

23 MR. FISHMAN: In plan 'A' or
24 plan 'B'?

25 COMMISSIONER: Give me one for

1 each. I'm not learning any figures.

2 MR. FISHMAN: Okay. For plan 'A',
3 we're the operator?

4 COMMISSIONER: Yes.

5 MR. FISHMAN: I think it will
6 continue to stay where it is. For 40 percent plus.
7 Plan 'B', --

8 MR. PERSKIEE: I should suggest to
9 you upon working on that number that our studies show that
10 the Evansville area portion of our Metropolis market is a
11 relatively smaller portion.

12 COMMISSIONER: Twelve percent is
13 the figure I remember, but that's what you margin will
14 probably be, that's right.

15 MR. FISHMAN: The general manager
16 tells me that they're estimating, without the other boat, a
17 two to three percent decline.

18 MR. PERSKIEE: That's not margin,
19 Mr. Thar, that's -- that's revenue. That's a revenue
20 decline, that's not a margin decline.

21 COMMISSIONER: The figures that
22 were put up earlier --

23 MR. PERSKIEE: The 68 percent? We
24 don't operate a 68 percent margin. I wish we did.

25 COMMISSIONER: Sorry. One last

1 question.

2 COMMISSIONER: My mother claims
3 that when she was in her 20s, you were older, that you
4 signed -- that you signed --

5 MR. GRIFFIN: Did you sign that you
6 were my son? I remember one night that she was singing in
7 her band and you joined her. I'm asking if you joined the
8 band? My question is, is she wrong?

9 MR. GRIFFIN: I mean, I did that a
10 lot in my years. I sang around for free. What band was
11 your mother with?

12 COMMISSIONER: I can't remember the
13 name of it right now. It was in the Chicago suburbs.

14 MR. GRIFFIN: Oh, that was very
15 possible because every year we played the Edgewater Hotel.

16 COMMISSIONER: That's where it
17 would have been.

18 MR. GRIFFIN: Yes. I remember your
19 mother well.

20 COMMISSIONER: Let's end it on the
21 high note.

22 MR. PERSKIEE: And after all that
23 work.

24 MR. CHAIRMAN: Well, on that high
25 note, unless somebody else has anything else, we will call

1 it a day. Thank you very much for your presentations. It
2 was most enlightening.

3 (Thereupon, the first day of
4 the proceedings concluded at
5 7:20 p.m.)
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